

Executive Summary

The State of Maryland has undertaken a major planning initiative called the Consolidated Plan. The Consolidated Plan is a planning tool required by the U.S. Department of Housing and Urban Development (HUD) that guides the use of federal, and to a lesser extent State, housing and community development funds. HUD has established three basic goals for the Consolidated Plan. The goals are:

- **Goal 1. To provide decent housing**
- **Goal 2. To provide a suitable living environment, and**
- **Goal 3. To expand economic opportunities.**

Goal 1 includes: Assisting homeless persons to obtain housing, retaining the affordable housing stock, increasing the availability of permanent housing that is affordable to low-income Americans without discrimination, improving access to housing credit, and increasing supportive housing that includes structural features and services to enable persons with special needs to live in dignity.

Goal 2 includes: Improving the safety and livability of neighborhoods, increasing access to quality facilities and services, reducing the isolation of income groups within areas by de-concentrating housing opportunities and revitalizing deteriorating neighborhoods, restoring, enhancing and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons, and conserving energy resources.

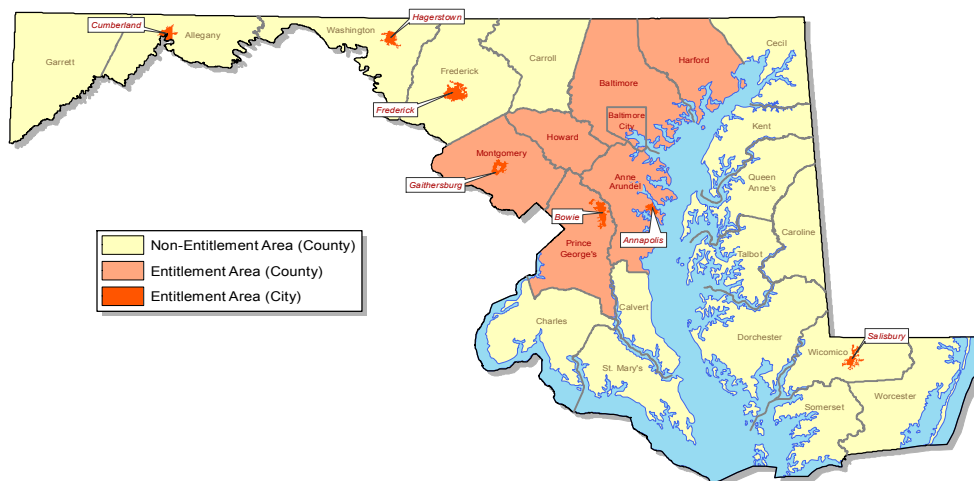
Goal 3 includes: Creating jobs accessible to low-income persons, providing access to credit for community development that promotes long-term economic and social viability, and empowering low-income persons to achieve self-sufficiency in federally-assisted and public housing.

Efforts to achieve each of these goals must primarily benefit low-income persons. The Consolidated Plan must be developed in accordance with the following statutory goals: Elimination of slums and blight, elimination of conditions that are detrimental to health, safety and public welfare, conservation and expansion of the nation's housing stock, expansion and improvement of the quantity and quality of community services, better utilization of land and other natural resources, reduction of the isolation of income groups within communities and geographic areas, restoration and preservation of properties of special value, alleviation of physical and economic distress, and conservation of the nation's scarce energy resources.

It should be noted that the State's Consolidated Plan primarily focuses on the State's **non-entitlement** jurisdictions. The non-entitlement jurisdictions are areas, primarily rural, which do not receive direct allocations of Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) funds directly from HUD. Rather, the State administers these funds on their behalf. The State's entitlement jurisdictions which are NOT covered by the State's Plan – because they receive direct funding from HUD - are Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties, and the Cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown and

Salisbury. All other areas in the State fall under the State's Consolidated Plan. The map below shows the State's entitlement and non entitlement jurisdictions.

Maryland's Non-Entitlement and Entitlement Areas by Jurisdiction
2004



It should be noted, however, that because all of the State's own housing, community development, and economic development programs are operated on a Statewide basis, and that some federal programs (such as Federal Low-Income Housing Tax Credits) are also funded on a Statewide basis, some aspects of the State's Plan may affect entitlement jurisdictions as well as non-entitlements.

What is Consolidated?

The Consolidated Plan is called the Consolidated Plan because it combines all of the planning and application requirements of HUD's four main formula programs into a single Plan. The four formula programs covered by the Plan are the:

- **Community Development Block Grants (CDBG) Program**
- **HOME Investments Partnership Program (HOME)**
- **Emergency Shelter Grants (ESG) Program, and the**
- **Housing Opportunities for Persons With AIDS (HOPWA) Program**

The planning and application requirements that are consolidated include the Consolidated Housing Affordability Strategy (CHAS), the HOME program description, the CDBG final statement, the ESG application, the non-Housing Community Development Plan, and the HOPWA application.

There are also other funds under other programs covered by the Consolidated Plan. These funds are obtained through competitions, and, depending upon the program, can either be

used either Statewide or only in certain jurisdictions depending upon the requirements of the program. The main competitive programs that fall under the Consolidated Plan include:

- **Assisted Living Conversation Program for Eligible Multifamily Projects**
- **Brownfields Economic Development Initiative**
- **Healthy Homes and Lead Hazard Control Programs**
- **HOPE I through VI Programs**
- **Housing Choice Voucher Family Self-Sufficiency (FSS) Program Coordinators**
- **Housing Counseling Programs**
- **John Heinz Neighborhood Development Program**
- **Low-Income Housing Preservation Program**
- **Public Housing Family Self Sufficiency**
- **Resident Opportunity and Self-Sufficiency (ROSS) Program**
- **Revitalization of Severely Distressed Public Housing Program**
- **Rural Housing and Economic Development Program**
- **Section 8 Moderate Rehabilitation Single Room Occupancy Housing (SRO) Program**
- **Shelter Plus Care Program**
- **Supportive Housing for the Elderly (Section 202) Program**
- **Supportive Housing for Persons with Disabilities (Section 811) Program**
- **Supportive Housing Program and**
- **Youthbuild, among others.**

The Plan covers funds received under the above programs for federal fiscal years (FFY) 2005 through 2009. Annual updates will be made each year to the Plan during this five year period to: 1) set annual goals for housing, economic, and community development activities, and 2) make any necessary adjustments to policies or objectives because of changes in federal and State programs, or because of changes in needs.

Eligible applicants vary from program to program, with some programs open to virtually any housing provider, while others are limited only to non-profit agencies, others only to public housing authorities, etc. Regardless of who applies for assistance, applications under these programs must be certified as being consistent with the Consolidated Plan at the appropriate level.

State agencies, as well as many non-profit corporations, public housing authorities and others have successfully competed for funding under these competitive programs in the past. The State strongly supports applications for any activities under these programs, or any other programs, which carry out the goals of the Consolidated Plan. In addition, it should be noted that while not directly covered by the Consolidated Plan, HUD's funding allocations for the Section 8 Voucher Program is to be made in a way that enables participating jurisdictions to carry out their own Consolidated Plans. Also, Public Housing Authorities (PHAs) must prepare their own PHA Plans which also must be consistent with the Consolidated Plan.

The Five Year Plan and the Annual Action Plan

The Consolidated Plan contains two planning elements. The first element is a "big picture" five-year overall planning strategy. This "big picture" strategy was developed using surveys, public comments, public hearings, census data, information from the Governor's Housing Policy Commission, meetings with interested parties such as homeless providers and health agencies, and information from other State agencies. It sets the State's broad goals, such as revitalizing communities or providing housing for low-income persons. It can be found under the publications section of DHCD's website at www.dhcd.state.md.us. The second planning element is called the one-year Annual Action Plan. This element is much more detailed, and covers the specific actions the State plans to take in the next year to help meet its five-year goals. For example, while the five-year Plan states we will provide homeownership opportunities, the Annual Action Plan, such as this one, specifies the number of units we expect to produce during the coming year. Because it only covers a one-year period, this document is called the Annual Plan, with new goals so that eventually we reach the overall "big picture" goals laid out in the five-year Plan. This Annual Plan sets forth goals for the third year of the current five-year Consolidated Plan with the detailed goals and activities we plan to undertake from July 1, 2007 through June 30, 2008.

Priorities and Goals

The State's overall housing and community development goals for the next five years are:

- Revitalizing Communities
- Encouraging Homeownership, and
- Expanding the Supply of Decent Affordable Housing

Citizen participation in the Consolidated Plan assisted the Department to set forth issues that needed to be addressed to make a difference for individuals and families and the community they live in. Working groups were employed in addressing issues and areas of concern. Comments, suggestions, and recommendations from these groups provided the State with an overview of local needs and priorities and strategies to address them. Significant contributions were received from local and county governments, for profit and nonprofit developers, other State agencies, advocacy groups, public housing authorities, private citizens, and professional groups. Public hearings provided input from groups, individuals, and organizations that could not participate in the working groups because of time or distance. Surveys of the State's housing, economic development, and community development needs also helped us establish our priorities, as did data to the extent new data was available.

Based on the needs identified in the five-year plan, DHCD's priorities within those overall goals for the coming year are as follows:

Housing Priorities: Priorities for federally funded housing assistance will be provided to:

- Extremely Low-Income Renters,
- Low-Income Renters,

- Extremely Low-Income Homeowners,
- Low-Income Homeowners,
- Moderate-Income Renters, and
- Moderate-Income Homeowners,

Housing assistance to be provided will include 1) encouraging renters to become owners through use of DHCD's homeownership programs; 2) financing the acquisition, new construction or rehabilitation of multi-family housing; and 3) direct tenant assistance through State and federal rent subsidy programs. DHCD will also assist homeowners with the rehabilitation of owner-occupied properties and assist persons with special needs to obtain supportive housing. DHCD also will work to encourage the preservation of affordable housing. In terms of housing production, the five year goals are:

Estimated Five Year Projection – All Units			
Program	Household Type	Units	Total Units
Rental Housing	Family	7,155	13,500
	Elderly	5,805	
	Special Needs	540	
Rental Subsidy	Family	7,364	7,739
	Special Needs	375	
Homeownership	Family	13,200	13,425
	Special Needs	225	
Special Loans	Family	7,395	7,680
	Special Needs	285	
TOTAL			42,344

NOTES: DHCD's rental housing programs are competitive, estimates are based on past performance. Rental Subsidy, Homeownership, and Special Loans programs do not target by elderly versus family. Special Needs Units under rental housing are units produced through the QAP, under Rental Subsidy they are households assisted under the Bridge Subsidy Program and HOPWA, under Homeownership they are households assisted under Homeownership for Individuals With Disabilities Program, and for Special Loans they are Group Home beds.

Non-Housing Priorities: Priorities for State funded infrastructure are:

- Water, Sewer, and drainage,
- Streets and roads,
- Street lighting, landscaping, sidewalks, and public space improvements,
- Electric utility improvements,
- Solid waste transfer, conversion and disposal facilities,
- Government office and meeting facilities,
- Police, fire, transportation, recreation, maintenance, and other facilities for the delivery of public services,
- Public parking structures

Public Facilities and Essential Human Services Priorities: Priorities for public facilities and

essential human services are:

- **Head Start, Day Care and Family Support Centers,**
- **Youth and Senior Centers,**
- **Community Facilities,**
- **Health Centers,**
- **ADA improvements, and**
- **Public Services.**

Public facilities and essential human services programs will be financed through federal programs, such as DHCD's CDBG program, as well as State programs administered by DHCD, DHR and DHMH. The State Infrastructure Bond Financing Program often finances facilities that are other ineligible for federal funding due to statutory or regulatory program restrictions.

Over five years, the CDBG program expects to fund the following projects previously identified as the non-housing priorities of the State. Actual funding depends upon appropriations from the Federal government and upon the applications received from the eligible jurisdictions.

STATE OF MARYLAND Estimated Community Development Activities (CDBG)		
CDBG ELIGIBLE ACTIVITY	# of Projects	Estimated Cost Over 5 Years (\$)
INFRASTRUCTURE		
Water/Sewer Improvements	25	\$7,500,000
Planning Studies	10	\$400,000
PUBLIC FACILITIES AND ESSENTIAL HUMAN SERVICES		
Youth Centers/Day Care/Family Support Centers/Adult Care/Centers for the Disabled	45	\$17,000,000
ECONOMIC DEVELOPMENT		
Acquisition/Clearance for ED	5	\$5,000,000
Commercial Rehabilitation	5	\$2,000,000
Capital Equipment	5	\$2,000,000
Planning	5	\$50,000

Accomplishments to Date

HUD has asked grantees to describe accomplishments made toward the Five-Year Plan. As noted above, this Annual Plan update becomes effective July 1, 2007 and goes through June 30, 2008. Consequently, the accomplishments to date reflect accomplishments completed in the first year of the five year Plan, as well as accomplishments in the second year to date which still has several months to run. However, we had a number of policy goals in the first and second years of the Plan which have already been achieved. Goals that DHCD has already achieved include:

Year One Accomplishments

35 Year Mortgage Product – DHCD will offer a new 35 year homeownership mortgage product to help families buy their first homes. The first five years of the loan will require interest only payments on the mortgage. The remaining 30 years of the mortgage will include payments on both principal and interest. This will support DHCD's goal of expanding homeownership. *Done, information about this program is available on DHCD's website.*

40 Year Mortgage Product – DHCD will offer a new 40 year homeownership mortgage product to help families buy their first homes. This product will require payment of both principal and interest during the life of the loan. This will support DHCD's goal of expanding homeownership. *Done, information about this program is available on DHCD's website.*

Bridge Subsidy Rental Assistance – DHCD will fund a one year pilot project for \$700,000 to provide a rental assistance bridge subsidy for disabled persons on local Section 8 waiting lists. Other cabinet agencies are expected to fund the project in future years. This will support the goal of expanding the supply of affordable housing. *Done, information about this program is available on DHCD's website.*

Employer Partnership Matching Grant – DHCD will work with local business to create a new Employer Partnership Program to help people become homeowners. Under this proposal, employers would contribute funds toward their employees purchasing a home. DHCD would give the employees a DSELP loan for \$3,000, and would provide up to an additional \$3,000 in DSELP funds on a dollar for dollar basis, for a total loan by the State of up to \$6,000. *Done, this program is known as "House Keys for Employees". Information about the program is available on DHCD's website.*

Community Legacy – DHCD will continue to operate the Community Legacy Program. In order to receive funding under the Community Legacy Program, communities must be in a Priority Funding Area. In addition, communities will need to demonstrate evidence of decline, such as decreasing homeownership rates or increasing commercial vacancy, while at the same time demonstrating signs of strength such as partnerships with local banks, businesses, educational institutions, or cultural organizations. Funds under the program will be awarded competitively based on locally developed comprehensive revitalization strategies that are both ambitious and achievable. Operation of funding of this program supports DHCD's goal of community revitalization. *Done, information about the program is available on DHCD's website.*

Federal Funds and Grants - DHCD, in collaboration with other agencies, will apply for competitive grants to increase resources available to carry out its housing, revitalization, and other goals. The Department also will support applications for grants by other agencies, including grants expanding housing opportunities for persons with disabilities. This goal supports all three of DHCD's over-arching priorities related to housing and community development efforts. *Done, DHCD signed off on over 90 applications by other agencies to apply for federal funds from HUD and other organizations.*

Homeownership for Persons with Disabilities – DHCD will continue to offer homeownership loans for persons with disabilities to purchase existing or new houses through the Homeownership for Persons with Disabilities Program. Eligible applicants must be disabled and have incomes below 55 percent of median income. Funding and operation of this program supports DHCD's homeownership goal. [*Done, information about the program is available on DHCD's website.*](#)

DHCD Catalyst – DHCD will provide customized training to public and private organizations and individuals through DHCD Catalyst. With Catalyst's 13 Partners, a sample of offerings offered by Catalyst includes training on CDBG funding, implementing a revitalization plan, undertaking large scale development projects, nonprofit formation, how to do project pro formas, proposal writing, rehabilitation of historic structures, responding to Requests for Proposals, small business development, marketing business tax credits and understanding State Programs 101, among others. The Catalyst program supports DHCD's goal of revitalizing communities by increasing the capacity of individuals and organizations, the Department's customers, to both access and then successfully utilize DHCD program resources. [*Done, information about the program is available on DHCD's website.*](#)

Down Payment Assistance – DHCD will continue to assist persons to become homeowners through the State's Down Payment and Settlement Loan Program (DSELP), as well as through the federal government's ADDI program. Operation of both the State funded and federally funded downpayment programs supports DHCD's goal of expanding homeownership. [*Done, information is available on DHCD's website.*](#)

Mortgage Loan Limits - DHCD will work with the Department of Disabilities as well as other State agencies on possibly increasing the acquisition and/or mortgage loan limits under the Homeownership for Persons with Disabilities Program. [*Done, loan limits were raised \\$50,000.*](#)

Rental Housing Production – DHCD will offer a streamlined review option for qualifying multi-family rental projects that are financed only with tax-exempt bond funds. Under the streamlined option, CDA review time will be reduced from the current average of about 9 months to 90 days because CDA will defer to the credit enhancer's underwriting and construction review process. This option will make it easier for experienced developers of affordable housing to utilize the Department's multi-family bond program, and, in turn, expand the supply of affordable rental housing. Undertaking this action supports DHCD's goal of expanding the supply of decent affordable housing. [*Done, information about this program is available on DHCD's website.*](#)

Rental Housing Production – DHCD will offer its Rate Lock option for the Multi-family bond program. The purpose of the Rate Lock is to provide another tool for the development of affordable multi-family rental housing and increase the flexibility of the Multi-Family Bond Program. Rate Locks allow a developer to control interest rate risk by locking in the Community Development Administration (CDA) published interest rate 30-90 days prior to loan closing. The Developer must execute a Rate Lock Agreement and pay a Rate Lock Fee to CDA. Undertaking this action supports DHCD's goal of expanding the supply of decent affordable housing. [*Done, information about this program is available on DHCD's website.*](#)

Year Two Accomplishments

Accessible Homes for Seniors (AHS) Pilot Program – DHCD, in cooperation with the Maryland Department of Aging (MDoA) will undertake a pilot program to promote accessibility related improvements to the homes of seniors. Called the Accessible Homes for Seniors (AHS) program, it will provide loans to allow seniors to help age in place. Improvements that can be financed through the program may include the installation of grab bars, levers, and railings, widening of doorways, installation of accessible showers, and installation of ramps, among other uses. *Done, information on this program is available on DHCD's website.*

202 Pilot Program – To improve the quality of housing for elderly and disabled households, DHCD will develop a pilot program to provide financial assistance to the owners of existing HUD 202-financed projects to rehabilitate and improve their properties. By making use of DHCD financial resources and expertise, this pilot program will deliver significant value to existing affordable properties throughout the State. *Done, DHCD established the MBP-4-202 Program. To date, six projects owned by non-profits have received pre-development commitments to assist them in their efforts to improve 202 properties.*

Section 8 for Homeownership – DHCD will continue its Section 8 homeownership program. This will support DHCD's goal of expanding homeownership. *Done, this program is ongoing and is still being offered.*

Rental Housing Production – DHCD will continue to offer a streamlined review option for qualifying multi-family rental projects that are financed only with tax-exempt bond funds. Under the streamlined option, CDA review time will be reduced from the current average of about 9 months to 90 days because DHCD will defer to the credit enhancer's underwriting and construction review process. This option will make it easier for experienced developers of affordable housing to utilize the Department's multi-family bond program, and, in turn, expand the supply of affordable rental housing. Undertaking this action supports DHCD's goal of expanding the supply of decent affordable housing. *Done, this was accomplished through our Expedited Processing options for projects financed with MF bonds. The development community is using this option on a regular basis.*

Rental Housing Production – DHCD will continue to offer its Rate Lock option for the Multi-family bond program. The purpose of the Rate Lock is to provide another tool for the development of affordable multi-family rental housing and increase the flexibility of the Multi-Family Bond Program. Rate Locks allow a developer to control interest rate risk by locking in the Community Development Administration (CDA) published interest rate 30-90 days prior to loan closing. The Developer must execute a Rate Lock Agreement and pay the Rate Lock Fee to CDA. Undertaking this action supports DHCD's goal of expanding the supply of decent affordable housing. *Done, this was realized by two actions: 1) by enhancing the 90-Day Interest Rate Lock program by eliminating all CDA fees and allowing developers to buy down interest rates through payments of nonrefundable points and 2) by establishing the Multifamily Development 4 Less program, a program that offers low interest rates with no CDA fees.*

Increase Flexibility of Existing Multifamily Rental Programs – DHCD will make changes to two existing programs – the Multifamily Maryland housing Rehabilitation Program (MHRP-MF)

and the Partnership Rental Housing Program (PRHP) to expand their use. The PRHP will be changed to enable the use of this program by non-profit and for-profit developers to finance multifamily rental units that will be restricted for occupancy by disabled households. Currently, the PRHP may only fund projects that are owned in whole or in part by local governments. The MHRP-MF changes will enable the program to fund acquisition in addition to rehabilitation for projects of 5 or more units. Historically, smaller rehabilitation projects have a difficult time securing funding from DHCD's competitive programs. Reopening MHRP-MF and broadening the eligible uses for PRHP will provide additional flexibility to further DHCD's goal of expanding the supply of decent affordable housing. *Done, these program changes were implemented, nonprofits and for-profits can now access Partnership funding provided occupancy is restricted to disabled households, and the MHRP-MF program was changed to allow for acquisition and rehabilitation if used in conjunction with the MF bond program.*

Public Housing Rehabilitation Bond – DHCD will continue to work with the State's public housing agencies to issue a new Capital Fund Securitization Revenue Bond. This bond will be used to rehabilitate public housing throughout the State. This will support DHCD's goals of expanding decent affordable housing. *This effort is ongoing. We expect the next bond under this program will be issued in 2008.*

Preservation of Affordable Housing – DHCD will continue its efforts to preserve affordable housing including units in projects where owners can opt out of the Section 8 project based program. We will use our existing housing finance resources including State funding, tax credits, HOME and bond authority. This activity supports DHCD's goal of expanding the supply of decent affordable housing. *This effort is ongoing and is being carried out through the program changes above as well as through DHCD regular MF mortgage products.*

The table below shows DHCD's housing accomplishments compared to the five year goals established in the Consolidated Plan:

ACCOMPLISHMENTS TO DATE July 1, 2005 – June 30, 2009					
Report Year	Rental Housing	Homeownership	Special Loans	Rental Subsidy	Total for Reporting Year
FFY 2005	2,940	2,244	1,065	807	7,056
FFY 2006					
FFY 2007					
FFY 2008					
FFY 2009					
Total					
Five Year Goal	13,500	13,425	7,680	7,739	42,344
Percentage of Production compared to Five-year Goal	21.8%	17%	21%	10.4%	16.6%

NOTE: FFY 2006 closes on June 30, 2007, so information is not available for year two at this time. This information will be provided in the Annual Performance Report which is submitted to HUD in September, and will be updated in this document next year.

STATE OF MARYLAND ACTION PLAN

INTRODUCTION

Maryland's Consolidated Plan is a joint planning document and funding application required by the U.S. Department of Housing and Urban Development (HUD) under the National Affordable Housing Act. The Plan covers a five-year period and is updated annually in order for the State to apply for HUD funding under several different HUD programs, as well as to set planning goals for the coming year.

This document is the annual update (the Action Plan) for Federal Fiscal Year 2007 funding, which covers the period July 1, 2007 through June 30, 2008, AKA State Fiscal Year 2008. It contains the goals and objectives for the third year of the State's 5-year plan. As a planning document, the Consolidated Plan is designed to coordinate Federal (and to a lesser extent State) resources to provide all Maryland citizens with:

- **Decent housing,**
- **Economic opportunities, and**
- **An acceptable living environment.**

Its main thrust as a planning document is to develop policies and procedures and to target resources to carry out these three main goals. As an application for funding, the Consolidated Plan must be submitted to HUD in order to receive funding for the following programs:

- **Community Development Block Grants (CDBG),**
- **HOME Investment Partnerships Program (HOME)**
- **Emergency Shelter Grants (ESG), and**
- **Housing Opportunities for Persons With AIDS (HOPWA)**

In addition, the Plan makes it possible for State agencies, local governments, nonprofit developers, Community Action Agencies and others to apply for funding under competitive HUD programs. These include the competitive portion of the Housing Opportunities for Persons With AIDS program, as well as Lead Paint Abatement, Section 202 (Elderly Housing), Section 811 (Housing for the Disabled), McKinney Act (Homeless) and HOPE (Public Housing) funds, among others.

CITIZEN PARTICIPATION

For this Annual Plan update, the Maryland Department of Housing and Community Development (DHCD) undertook extensive citizen participation efforts. In order to gain public input, a total of eight public hearings were held on the Plan throughout the State. The first four hearings were held before the draft Plan was written, so that comments and recommendations could be made early in the planning process. The hearings were held at the following dates, times, and places: Wednesday, February 28, 2007 at 1:30 p.m. at the Denton Community

Center in Denton; Wednesday, February 22, 2007 at 7:00 p.m. at DHCD in Crownsville; Thursday, March 1, 2007 at 10:30 a.m. at the Fairview Branch Library in Owings; Friday, March 2, 2007 at 1:30 p.m. at the Allegany County Office Complex in Cumberland. It should be noted that all hearings were held in accessible locations, and that DHCD offered interpretive services for the hearing impaired and/or for persons who speak English as a second language

Notice of these hearings was published in the Baltimore Sun, Baltimore Afro-American, Daily Mail (Hagerstown), Capital Gazette (Annapolis), Star Democrat (Easton), Dorchester Star, Caroline Times-Record, and Kent County News. In addition, DHCD sent out a mass mailing to about 1,000 organizations and individuals who were potential stakeholders in the Plan, including nonprofit and for-profit housing developers, municipal and county executives, public housing authorities, community action agencies, community action agencies, faith-based organizations, advocacy organizations, AIDS/HIV organizations, and local housing and community development contacts, among others, to apprise them of the upcoming hearings and encourage their participation in the development of the new Plan.

After the draft Annual Plan was completed, the State published the Plan for 30 days of public comment starting on Tuesday, April 3, 2007, with written comments accepted through COB Tuesday, May 3, 2007. Advertisements were placed in all the newspapers listed above regarding the opening of the public comment period. These advertisements stated the Plan's goals, as well as notifying the public of four additional hearing that would be held to game further public comment and input on the draft Plan. The advertisements also let the public know that they could obtain free copies of the draft Action Plan either by calling or writing DHCD, or visiting DHCD's website. In addition, the advertisement let people know they could obtain copies of the draft Plan through the State's regional lending libraries, including the Enoch Pratt Free Library in Baltimore, the Blackwell Library in Salisbury, the Washington County Free Library in Hagerstown, the Lewis J. Ort Library in Frostburg, the Frederick Douglas Library in Princess Anne, and the Southern Maryland Regional Library in Charlotte Hall. The advertisements also noted that a large print version of the Action Plan was provided to the Maryland Library for the Blind and Physically Handicapped. Finally, these advertisements also informed the public that they could submit comments on the draft Plan in writing via either traditional or e-mail.

DHCD posted the draft Plan on its web-site and mailed out another set of notices to all of the organizations noted above. This notice also let these groups and organizations know that they could also obtain a free copy of the Plan by simply requesting it from DHCD or downloading it from the web. Finally, several weeks into the comment period, the State held four more public hearings at the following locations, places, and times: Wednesday, April 18, 2007 at 1:30 p.m. at the Denton Community Center in Denton; Wednesday April 18 at 7:00 p.m. at the Maryland Department of Housing and Community Development in Crownsville; Thursday, April 19 at 10:30 a.m. at the Fairview Branch Library in Owings, and Friday, April 20 at 1:30 p.m. at the Allegany County Office Complex in Cumberland.

Lastly, DHCD also worked with other state agencies to help identify goals, objectives, and resources the State would use during the coming year to carry out its Action Plan. These agencies included the Department of Health and Mental Hygiene (DHMH), the Department of Human Resources (DHR), the Department of Business and Economic Development (DBED),

the Maryland Department of Environment (MDE) and the Maryland Department On Aging (MDOA). DHCD also consulted with agencies that work with the homeless, including the chronically homeless. Their participation helped in the development of the State's homeless strategy (the continuum of care).

COMMUNITY VISION

Working with partners, DHCD -

- revitalizes communities,
- encourages home ownership, and
- expands the supply of decent affordable housing

As such, revitalizing communities, encouraging homeownership, and expanding the supply of decent affordable housing are the three over-arching goals of the State's Consolidated Plan.

PRIORITIES

Based on the needs identified in the five-year plan, the Governor's Housing Policy Commission, the Analysis of Impediments to Fair Housing Choice, and by citizen participation at the hearings, DHCD's priorities for the coming year are as follows:

Housing Priorities: Priorities for federally funded housing assistance will be provided to:

- **Extremely Low-Income Renters,**
- **Low-Income Renters,**
- **Extremely Low-Income Homeowners,**
- **Low-Income Homeowners,**
- **Moderate-Income Renters, and**
- **Moderate-Income Homeowners,**

Housing assistance to be provided will include 1) encouraging renters to become owners through use of DHCD's homeownership programs; 2) financing the acquisition, new construction or rehabilitation of multi-family housing; and 3) direct tenant assistance through State and federal rent subsidy programs. DHCD will also assist homeowners with the rehabilitation of owner-occupied properties and assist persons with special needs to obtain supportive housing. DHCD also will work to encourage the preservation of affordable housing.

Non-Housing Priorities: Priorities for State funded infrastructure are:

- **Water, Sewer, and drainage,**
- **Streets and roads,**
- **Street lighting, landscaping, sidewalks, and public space improvements,**
- **Electric utility improvements,**
- **Solid waste transfer, conversion and disposal facilities,**

- Government office and meeting facilities,
- Police, fire, transportation, recreation, maintenance, and other facilities for the delivery of public services,
- Public parking structures

Public Facilities and Essential Human Services Priorities: Priorities for public facilities and essential human services are:

- Head Start, Day Care and Family Support Centers,
- Youth and Senior Centers,
- Community Facilities,
- Health Centers,
- ADA improvements, and
- Public Services.

Public facilities and essential human services programs will be financed through federal programs, such as DHCD's CDBG program, as well as State programs administered by DHCD, DHR and DHMH. The State Infrastructure Bond Financing Program often finances facilities that are other ineligible for federal funding due to statutory or regulatory program restrictions.

ONE YEAR GOALS

As a result of the planning process, the following overall goals were set for the coming year:

MDHousingSearch.org – DHCD will launch a new website, www.MDHousingSearch.org which will provide renters with a reliable, easy to use tool to find the best affordable housing options. Developed in partnership with SocialServe.com, apartment vacancy information is updated weekly and search options will be available in both English and Spanish. Property owners are able to list their properties for free, and the site will include information such as accessibility features for individuals with disabilities, acceptance of Section 8 Vouchers, and neighborhood information among other features. Owners and renters who do not have internet access will be able to receive personal assistance with listing or searching through a toll-free, bilingual call center. This will support DHCD's goal of expanding the supply of decent affordable housing.

Lifeline Refinance Mortgage – DHCD will offer a new mortgage product called Lifeline Refinance Mortgages. These loans will refinance “exotic” mortgage products such as ARMS, loans with balloon payments, or negative amortization loans into fixed rate mortgages. The homes refinanced must be the borrower's primary residence. Mortgage and income limits will vary by county. This will support DHCD's goal of expanding the supply of decent affordable housing.

Ground Rent Redemption Loan Program - The Department will offer, through the Maryland Home Financing Program, an amount up to \$500,000 to provide small loans to redeem ground leases on the principal residences of loan applicants. A maximum loan amount and term will be established by the Department and may include an amount that can be used for

transactional costs associated with the redemptions. This activity will support DHCD's goal of expanding the supply of decent affordable housing.

BRAC – DHCD will participate in the new Sub-Cabinet working with the Base Realignment Commission (BRAC). This is an on-going effort that has been created to address business, transportation, and housing needs related to expansion of military bases at Ft. Meade and the Aberdeen Proving Grounds. This activity will support DHCD's goal of expanding the supply of decent affordable housing.

Smart Growth – DHCD will continue to participate in the Governor's Sub-Cabinet on Smart Growth, targeting funding to Priority Funding Areas and Neighborhood Revitalization Areas. This will support DHCD's goal of revitalizing communities.

Preservation of Affordable Housing – DHCD will continue its efforts to preserve affordable housing including units in projects where owners can opt out of the Section 8 project based program. We will use our existing housing finance resources including State funding, tax credits, HOME and bond authority. This activity supports DHCD's goal of expanding the supply of decent affordable housing.

Section 8 for Homeownership – DHCD will continue its Section 8 homeownership program. This will support DHCD's goal of expanding homeownership.

One Year Housing Goals

In addition to the overall goals stated above, DHCD also has set forth specific goals for the provision of housing and community development activities. The table below shows housing activities the State plans to undertake in the next year with HOME funds.

HOME INVESTMENTS PARTNERSHIP PROGRAM			
PART 1. PRIORITY HOUSING NEEDS			
Tenure	Household Type	Income	Projected Units
Renters	Small Related	0-30%	13
		31-50%	77
		51-80%	0
	Large Related	0-30%	34
		31-50%	9
		51-80%	8
	Elderly	0-30%	65
		31-50%	22
		51-80%	0
	All Other	0-30%	98
		31-50%	28
		51-80%	9

Owner	0-30%	50
	31-50%	40
	51-80%	20

The table below shows Special Needs populations the State may assist using HOME funds. (Funding is competitive, so all groups might be assisted.)

HOME INVESTMENTS PARTNERSHIP PROGRAM	
Part 2. Priority Special Needs	Priority Level
	Indicate: High, Medium, Low, checkmark, Yes, No
Elderly	Yes
Frail Elderly	Yes
Severe Mental Illness	Yes
Developmentally Disabled	Yes
Persons w/ Alcohol/Other Drug Addictions	Yes
Persons w/ HIV/AIDS	Yes
Victims of Domestic Violence	Yes
Other	Yes

The following table shows housing activities DHCD plans to undertake in the next year with State Funds, Mortgage Revenue Bonds, Tax Credits, etc. It does not include the units that will be developed or rehabilitated with CDBG funds which are discussed separately.

One Year Housing Goals			
Program	Household Type		Units
Rental Housing	Family	1,908	3,600
	Elderly	1,548	
	Special Needs	144	
	Chronic Homeless	--*	
Rental Subsidy	Family	2,694	2,794
	Special Needs	100	
	Chronic Homeless	--*	
Homeownership	Family	2,200	2,245
	Special Needs	45	
Special Loans	Family	1,479	1,536
	Special Needs	57	
Total			10,175

NOTES: DHCD's rental housing programs are competitive, estimates are based on past performance. Rental Subsidy, Homeownership, and Special Loans programs do not target by elderly versus family. Rental Subsidy

numbers include Section 8 Vouchers, Mod Rehab units, Rental Allowance Program units, HOPWA rental assistance and the Bridge Subsidy program, the latter two specifically targeted toward persons with Special Needs. Special Needs Units under rental housing are units produced through the QAP, under Rental Subsidy they are households assisted under the Bridge Subsidy Program and HOPWA, under Homeownership they are households assisted under Homeownership for Individuals With Disabilities Program, and for Special Loans they are Group Home beds. Chronic Homeless persons are served through HUD's homeless programs such as the Supportive housing Program and the Shelter Plus Care Program which are competitive and the number of units HUD will finance is unknown.

Section 215 Goals

Section 215 goals are units that meet HOME program income limits for rental housing, and both HOME program income limits and HOME recapture provisions for owner-occupied housing. Because virtually all units DHCD finances under the rental housing programs have incomes below 60% of median income, and all families assisted under the Rental Allowance Program earn less than 30% of median income, almost all rental units will meet Section 215 goals. Most of our homeownership loans would meet the Section 215 income limits (80% of median income or less). However, because we do not recapture our funding when a homeowner's income increases (we raise their interest rate) most units financed under the Homeownership programs do not meet the Section 215 requirements.

One Year Non-housing Goals

DHCD also has established goals for its Community Development programs. These programs reflect the State's interest in revitalizing communities. It is anticipated that the CDBG program will fund the following activities during the next year:

ESTIMATED CDBG ACTIVITIES – FFY 2007/SFY2008		
CDBG ELIGIBLE ACTIVITY	Number of Projects	Estimated Funding
INFRASTRUCTURE		
Water/Sewer/Streets/Parks/ Playgrounds	8	\$2,181,500
Planning Studies	1	\$20,000
PUBLIC FACILITIES AND ESSENTIAL HUMAN SERVICES		
Adult Day Care/Family Support Services/Developmentally Disabled Centers/Community Centers/Public Services	7	\$1,215,457
ECONOMIC DEVELOPMENT		
Acquisition/Clearance for Economic Development	1	\$400,000
Infrastructure	3	\$1,810,754
Capital Equipment	-	-
Planning	-	-
HOUSING		
Owner Occupied Rehabilitation	7 projects / 120 units	\$1,295,600
Rental Rehabilitation	2 projects / 46 units	\$390,000

Infrastructure	1 project / 30 units	\$300,000
Acquisition for Development	1 project / 95 units	\$300,000
New Construction	1 project / 1 unit	\$165,000
Fair Housing Activities/Counseling	1 project	\$100,000

Note that these numbers are subject to change based upon actual applications received and amount of funds available. Also, as mentioned above, housing activities undertaken with CDBG are not included in the overall housing goals. That is because of the competitive nature of CDBG funding, as well as the fact that some of the activity is actually infrastructure that will eventually promote affordable housing rather than “hard” units themselves, or housing activities such as fair housing or counseling activities that affirmatively further fair housing but don’t create units. Hard units that CDBG produces are discussed in the CAPER, so that information is available. Lastly, while physical housing units produced under CDBG goals may meet Section 215 units income requirements, since the recapture provisions for CDBG are different from HOME, none of these units are counted toward Section 215 goals.

In addition to the federal CDBG program, the State operates its own programs that promote community revitalization. These include the Community Legacy Program and the Local Government Infrastructure Financing Program, among others. During the next year, the State expects to fund the following estimated activities under the Community Legacy Program:

COMMUNITY LEGACY PROGRAM		
Commercial	3	\$505,612
Demolition	2	\$205,000
Economic Development	6	\$338,000
Acquisition/Rehabilitation	16	\$2,030,000
Facade Program	8	\$775,000
Infrastructure	7	\$420,225
Mixed-use	4	\$520,000
Operation Support/Planning	11	\$292,446
Housing	2	\$325,000
Public Safety	5	\$236,500
Recreational	2	\$64,463
Social Services	1	\$150,000
Residential	4	\$300,254
Revolving Loan Fund	2	\$337,500

Note that the Community Legacy Program is also competitive, and is subject to change based on applications received.

The Local Government Infrastructure Financing Program offers Maryland Counties and Municipalities a cost effective way to finance capital projects. DHCD issues bonds on behalf of participating local governments who do not routinely issue bonds, have limited access to capital markets are who do not have the resources to initiate a public offering on their own. The bonds are triple-A rated by virtue of municipal bond insurance, allowing participants to

enjoy fixed, tax-exempt interest rates. Local governments repay the debt incurred through their pro-rating share of the bond issuance. Based on past performance, DHCD expects to finance the following types of programs through the program in the coming year:

ESTIMATED STATE/LOCAL GOVERNMENT INFRASTRUCTURE BOND FINANCING PROGRAM ACTIVITIES		
Type of Activity	Number or Projects	Estimated Funding
Street Improvements	2	\$3,517,000
Construct a Town Hall and Community Center	1	\$2,500,000
Refinance Existing Debt	2	\$1,650,000
Wastewater Collection System	1	\$1,600,000
Storm Water Pump Station	1	\$1,000,000
Water Distribution Center Improvements	1	\$960,375
Property Acquisition	1	\$750,000
TOTALS	9	\$11,977,375

GEOGRAPHIC TARGETING

Housing data provided by HUD revealed a similarity of need from jurisdiction to jurisdiction in Maryland. For example, if the percentage of "small, very low-income renter families" with housing needs was 65 percent statewide, virtually every jurisdiction within the State was within a few percentage points of the statewide average. In the survey of needs completed for the five-year Plan, questions about infrastructure, community development, and economic development needs also indicated a similarity of need from jurisdiction to jurisdiction.

Since similar needs exist throughout the State, the State will not target its funds to certain jurisdictions, except as established by law. For example, the State's allocation of CDBG funds may only be used in non-entitlement areas. Since there is a major emphasis on directing resources to growth areas and areas in need of revitalization, we will generally be targeting funds to projects located in Priority Funding Areas (PFAs) as well. The information below provides an outline of how funds will be targeted:

Programs (or parts of programs) that are not required to fund projects located only in PFAs

- Federal and State Lead Paint Reduction Programs
- Weatherization for Low Income Persons
- Indoor Plumbing
- Single Family Rehabilitation (MHRP: 1-4 units)
- Group Home Financing
- Shelter and Transitional Housing Facilities Grants
- HOME – for single family existing homes only
- Maryland Mortgage Program – for existing homes
- Local Government Infrastructure Financing
- Rental Allowance
- Emergency Shelter Grants
- CDBG – for single family housing rehabilitation only

- CSBG
- Maryland Appalachian Housing
- Accessory Shared and Shelter Housing
- Section 8 Voucher/Certificate
- Section 8 Moderate Rehabilitation

Programs required by law to fund projects located only in Smart Growth Areas

The Smart Growth – Priority Funding Areas Act of 1997 requires that the following DHCD programs be used exclusively in Priority Funding Areas (PFAs):

Neighborhood Revitalization

- Community Investment Tax Credit
 - Main Street Maryland
 - Community Legacy Program
 - Neighborhood BusinessWorks – *in Designated Neighborhoods only*
- Homeownership

- Maryland Mortgage Program (MMP) – *excluding O.B.O. – for new construction*
- Maryland Home Financing Program – *for new construction*
- Preferred Interest Rate Loan Program – *for new construction*
- HOME – *for new construction*

Rental Housing

- Elderly Rental Housing – *for new construction*
- Rental Housing Production – *for new construction*
- Multifamily Housing Revenue Bond Financing – *for new construction*
- HOME – *for new construction*

In addition, HUD also asks if or how funds will be specifically targeted to areas of minority concentration. In its Analysis of Impediments to Fair Housing Choice, the State defined a "high concentration" of minority households as a census tract where the percentage of minority households is at least 10% greater than the county average. Based on this definition, of the 346 census tracts in Maryland's non-entitlement areas in the time of the Analysis, only 25, or just over 7%, had census tracts of high minority concentration. As noted above, DHCD targets its funds to Priority Funding Areas (PFAs). Of the 25 tracts with concentrations, 15 have concentrations due to institutions such as Historically Black Colleges and Universities, hospital centers, military bases, or prisons. Of the remaining 10, 9 all are located in PFAs. Because of DHCD's emphasis on targeting funds to PFAs, areas of minority concentration are already targeted for assistance through the State's housing and community revitalization programs. (The one concentration outside of a PFA is located in Charles County and is minority, but not low-income. See the Five-Year Plan's discussion of concentrations for more information.)

Underserved Needs

HUD asks grantees to identify actions that will be taken to serve populations that are considered underserved by housing and community development programs. Under the State's Consolidated Plan, no group is identified as being more underserved than another for assistance. This is because the Housing Analysis in the Plan noted that all types of households covered by the Plan had substantial housing needs. However, the State did identify in the Plan that the greatest barrier to assisting low and moderate income families, the homeless, and persons with Special Needs was the lack of federal funding for affordable housing. In this light, DHCD will to advocate at the national level for more housing funding, including for 1) the repeal of the Ten-Year Rule on MRBs, which costs DHCD about \$85 million per year that could be used for affordable housing, 2) the creation of an affordable housing fund under the GSE reform bill, 3) substantially increased funding for the HOME program, and 4) full funding for the CDBG and Section 8 Voucher programs.

LEVERAGING

The Maryland General Assembly appropriated about \$42.7 million in general, special and general obligation bond funds in the coming year to provide low-income housing through the State's homeownership, rental housing, special loan, and rental subsidy programs. This does not include public purpose bond funds that DHCD will leverage to help carry out efforts to address the priorities identified in its Five-Year Plan. The table below shows State funds appropriated for housing in SFY 2008

State Appropriations for Housing, SFY 2008	
PROGRAM	FUNDING
Rental Housing Funds	\$15,500,000
Partnership Funds	\$8,000,000
Shelter and Transitional	\$1,000,000
Rental Allowance Program	\$1,700,000
Homeownership Programs	\$8,500,000
Special Loan Programs	\$8,000,000
TOTAL	\$42,700,000

Additional leveraging will be provided through DHCD's bond financing programs. DHCD will issue bonds for special needs housing, homeownership, and rental housing during the coming year. Bond funds are expected to provide approximately \$480 million in resources for homeownership and approximately \$125 million for rental housing during SFY 2008.

In addition to bond funds, DHCD expects to receive about \$2.7 million in U.S. Department of Energy (DOE) weatherization funds which will help leverage other housing funding. The weatherization funds DHCD receives from DOE will be used in conjunction with weatherization funds the Department receives from BGE and Washington Gas Light and from the Electric Universal Service Program (EUSP) to carry out weatherization activities.

Other leveraging will come from the State's allocation of Federal Low-Income Housing Tax Credits. The State's federal low-income housing tax credit allocation will be approximately \$10.9 million for CY 2007 (tax credits are allocated on a calendar year basis). DHCD will also

use Section 8 Vouchers, which are provided by HUD but not covered directly by the Consolidated Plan, to work in conjunction with all of the housing programs mentioned above.

Significant community economic development leveraging is generated by Maryland's small business program, Neighborhood BusinessWorks (NBW). NBW provides gap financing of up to \$500,000 to small businesses located in designated revitalization areas. Historically, NBW leverages about \$4 dollars for each one it invests through a loan or grant to a for-profit or non-profit business. DHCD will have \$6 million available for loans and grants in SFY 2008. Another major tool of the Department for community development leveraging is the Community Legacy (CL) program, which historically leverages approximately \$5 of other private and public resources for every \$1.00 that CL invested. About \$6.5 million in CL funding will be available in SFY 2008.

DHCD administers another tax credit program, the Community Investment Tax Credit (CITC) Program, which provides tax credits to nonprofits for projects located in Priority Funding Areas or which primarily serve residents of such areas. Annually, the Department awards \$1 million of CITCs to nonprofits through a competition similar to that for the federal low-income housing tax credit. The nonprofits market the tax credits to businesses to raise funds to support critical community services and/or a capital project. Any business in Maryland which contributes cash or goods to support any approved CITC project, earns state tax credit equal to 50 percent of the contribution. The types of activities and projects funded include: tutoring, employment services, child development, health care, adult literacy, community policing, and home health care programs, youth centers, food pantries, emergency shelter, transitional shelter support, historical and cultural programs, capacity building and the renovation of single family and multi-family housing to provide new homeownership and rental housing to very low-income persons.

In addition to the above, DHCD also administers a bond pooling program. The Infrastructure Financing Program issues bonds on behalf of local governments enhancing market access for small or infrequent issuers. The bonds finance every form of public infrastructure, such as roads and sidewalks, water and sewer systems and their supporting facilities, parks, storm drains, and schools, town halls, fire stations, and other public buildings. Since the inception of the program in 1987, a total of \$163 million in bonds has financed or refinanced 193 projects for 52 municipalities, 4 counties, and 2 instrumentalities of counties.

Leveraging to housing and community development projects is also available from sources outside of DHCD. For example, as part of its efforts to improve Maryland's infrastructure, the State operates several programs aimed at helping local governments repair or build infrastructure. The Maryland Department of Transportation operates several programs which build roads and sidewalks. The Department of the Environment operates a number of infrastructure programs which are primarily targeted toward water and sewer system construction, repair, and replacement. The Department of Health and Mental Hygiene, the Department of Human Resources, and the Maryland Department on Aging also will provide housing assistance, typically in the form of supportive housing.

Lastly, In addition to the funds the Department expects to receive itself, DHCD strongly supports and encourages applications by all eligible entities for competitive funds for which those entities are eligible. These include all of the programs currently covered by the

Consolidated Plan (the HOPWA program, Section 202 housing, Section 811 housing, homeless funds, etc.) as well as any funds that may come under the plan in the future, such as the Department of Agriculture's Rural Housing programs.

ANTI-POVERTY STRATEGY

The State of Maryland is strongly committed to reducing the number of households in Maryland living in poverty. The citizens of Maryland recognize that persons who live in poverty need a combination of social services and economic opportunities to get back on their feet. The State's Temporary Assistance for Need Families (TANF) is the State's plan for helping families get out of poverty. It can be found on DHR's website at www.dhr.state.md.us

In addition to the TANF Plan, DHCD undertakes additional efforts to help families who are in poverty. This is done primarily through the Community Services Block Grant Program (CSBG) which is funded through the U.S. Department of Health and Human Services (HHS). The State was awarded \$8.6 in CSBG funds for FFY 2007 (funded is provided on a quarterly basis, estimated funding for SFY 08 will be about \$8.6 million). In SFY 2007, the State provided an additional \$86,584 in funding for CSBG core capacity programs.

CSBG funds are granted to states in order to ameliorate the causes of poverty. To this end, the State allocates CSBG funds to the State's 17 local Community Action Agencies (CAAs) and one Limited Purpose Agency (LPA) which in turn provide a range of services and activities having a measurable and potentially major impact on causes of poverty within a community.

HHS has issued six broad national objectives for the CSBG program. Within these national objectives, the CAAs of Maryland are using and have chosen the following national objectives and indicators that assist low-income participants to achieve the following:

- **Family Self-sufficiency:** Low-income people become more self-sufficient;
- **Community Revitalization:** The conditions in which low-income people live are improved;
- **Community Investment:** Low-income people own a stake in their community;
- **Community Capacity Building:** Partnerships among supporters and providers of services to low-income people are achieved;
- **Agency Capacity Building:** Agencies increase their capacity to achieve results; and
- **Family Stability:** Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems.

Furthermore, the State emphasizes that actions undertaken with the CSBG program:

1. Focus resources toward the most needy.
2. Provide employment opportunities for low-income persons.
3. Close service gaps.
4. Enable low-income persons to participate in community action programs and projects.

During the coming year, DHCD's focus in working with CAAs will primary be through agency capacity building. This will include offering training through DHCD Catalyst (see below) in a variety of areas including housing, community development, fiscal oversight, board management, etc. By building their capacity, CAAs will then be able to carry out HSS's goals

in helping families become both stable and self-sufficient. In addition, it will better enable CAAs to compete for DHCD funds that promote community revitalization and investment.

THE CONTINUUM OF CARE

Maryland has long been an advocate of the “Continuum of Care” approach of serving homeless persons and persons threatened with homelessness. The three principal features of Maryland’s Continuum of Care are:

- 1. Preventing low-income individuals and families from becoming homeless, providing outreach to homeless persons, and addressing their individual needs;**
- 2. Addressing the emergency shelter and transitional housing and service needs of homeless individuals and homeless families; and**
- 3. Helping homeless people make the transition to permanent housing and independent living.**

Since Maryland implemented this approach in the mid-1980s, it has become a national model for resolving the problems of the homeless. Homeless persons to be assisted include homeless individuals, homeless families with children, the severely mentally ill homeless, homeless persons with alcohol or other drug addiction problems, homeless fleeing domestic violence, homeless youth, homeless individuals diagnosed with AIDS and other related diseases, and any other homeless individuals or persons at risk of becoming homeless. Activities to be undertaken during the coming year include undertaking new construction, substantial rehabilitation, acquisition, moderate rehabilitation, preservation, lead paint abatement, and infrastructure improvements for rental housing, providing rental (tenant) assistance, and supportive facilities and services.

One of the most challenging aspects of addressing homelessness is determining the kinds of resources needed and ensuring that the diverse agencies responsible for providing those resources coordinate their response. Over the past year twelve State agencies that approved the State’s 10 Year Plan to End Homelessness have begun to implement some of the Plan’s recommendations. This plan targets four areas for action: housing, income, health care, and cross cutting issues. Without addition resources toward these activities, the State Interagency Council on Homelessness is now focusing on redirecting current efforts and resources towards activities which serve to prevent or ameliorate homelessness. The Plan is available on the DHR website at www.dhr.state.md.us/transit/pdf/ich-plan.pdf. While many State government agencies have responsibility for one or more "pieces" of the homeless puzzle, three agencies have major responsibility for assisting homeless people: DHR, DHMH, and DHCD.

DHR has primary responsibility for assisting the homeless in the State of Maryland. Within DHR, the Office of Transitional Services (OTS) administers four State-funded programs that provide housing and services for homeless people. DHMH focuses on people with physical and mental disabilities and illnesses, with the AIDS Administration within DHMH having a specific focus on people with AIDS. In terms of meeting housing needs in general, DHCD has the broadest role: to support the development, acquisition and maintenance of affordable, decent housing for low-income people. DHCD provides federal and State funds for rehabilitation of buildings for use as shelters, operation of shelters, and prevention of

homelessness. DHR has a similarly broad mandate in terms of services. It is responsible for assisting low-income people with income maintenance, including income supplements, food stamps, and coordinating education and employment training through Project Independence. All of DHCD's, DHR's, and DHMH's homeless assistance programs can be categorized within the principles of Maryland's "Continuum of Care."

1. Preventing Low-Income Families (especially those with incomes below 30 percent of median) From Becoming Homeless.

A central component to the DHR/OTS homelessness assistance strategy is preventing the onset of homelessness. This approach focuses on providing resources to families and individuals prior to their becoming unsheltered and in emergency situations. While funds under the Emergency and Transitional Housing and Services (ETHS) Program can be used for limited rent and mortgage assistance, and the Service Linked Housing program can be used effectively to keep people in housing, the key program in OTS in this prevention effort is the Homelessness Prevention Program.

DHCD operates a number of programs designed to prevent persons from becoming homeless. For example, as noted above, under the ESG program, a portion of the annual allocation (30 percent) may be used to support homelessness prevention activities, and the State fully uses that 30 percent for prevention activities. In addition to operating the federal Section 8 programs, DHCD also operates the State funded Rental Allowance Program which provides rent subsidies to homeless persons and families whose incomes are less than 30 percent of Statewide median. This is in addition to the Department's numerous housing production programs, which, while not targeted specifically to the homeless, help prevent homelessness by financing the new construction or rehabilitation of affordable housing for lower income households. Finally, the State has committed to targeting its federal allocation of HOME funds to provide rental housing to serve persons earning 30 percent of median or less, which are households most likely to become homeless because they are most likely to pay more than 30% of their income for housing.

Homelessness Prevention Program

This program was funded in fiscal year 1993 in partial replacement for the terminated State-funded Emergency Assistance Program (a portion of which had been used for homelessness prevention activities). OTS was designated to administer the Homelessness Prevention Program given the interrelationships between eviction prevention and that portion of the ETHS Program that can be used for the same purpose. While the costs of rental housing, and consequently the cost of prevention evictions, have risen dramatically, the funding for this program has remained flat, resulting in a decreasing number of evictions prevented.

Activities may include direct grants to families and individuals to prevent eviction, landlord-tenant mediation, and early intervention services for at-risk households and seed money for a revolving loan fund for renters. Funds may not be used to assist people who already have been evicted. The program's target populations are families and individuals in crisis who are without resources to meet an impending eviction. Local jurisdictions are required to track and evaluate their programs.

Outside of the Office of Transitional Services, but within DHR, are two programs that assist in preventing homelessness: the Family Investment Program and the Temporary Cash Assistance (TCA) program.

2. Emergency Shelter and Transitional Housing Needs of Homeless Individuals and Homeless Families

A key component of Maryland's Continuum of Care is meeting emergency and intermediate needs of people who have become homeless. In addition to the numerous programs operated by DHCD which may be used to finance construction of emergency shelters or transitional housing, programs are administered by both DHCD and DHR which support shelter maintenance and operating costs and fund delivery of homeless services.

Homeless Services Program

DHR's Homeless Services Program (HSP) was created by the General Assembly in 1984 to provide funding for emergency and transitional shelter and services to homeless families and individuals. Eligible activities include costs associated with emergency shelter, transitional housing, motel placements and eviction prevention. Funds may assist all people who are homeless and in need of assistance. The Office of Transitional Services administers HSP funds. Throughout the program's operation, OTS has worked to ensure interagency cooperation on project development and implementation at the State and local level. In 1998 state general funds accounted for approximately 15% of the budgets of shelters receiving state funds. The Office of Transitional Services now estimates that that portion of state support is around 9%

Shelter and Transitional Housing Grants Program

Created in fiscal year 1991, the Shelter and Transitional Housing Grants Program (STHGP) has provided for the acquisition, renovation and rehabilitation of homelessness assistance facilities throughout Maryland. Originally administered by DHR, this program has been operated by DHCD since 1994. DHCD has financed 45 projects utilizing \$16,950,000 in STHGP funds to provide 1,777 units and/or beds in 15 Counties and Baltimore City.

Freezing Weather Plans

In fiscal year 1991, the State of Maryland encouraged local governments to plan formally for the needs of homeless people during periods of freezing weather. All 23 Maryland counties and Baltimore City prepare Freezing Weather Plans that outline resources, facilities and procedures for assisting homeless citizens during the coldest days of the winter months.

Each local jurisdiction submits their freezing weather plan to DHR as part of its homeless services funding request. This ensures that local jurisdictions review and amend their freezing weather plans annually. OTS provides local jurisdictions with guidelines on plan preparation, model examples of freezing weather plans, and comments on completed plans. Plans submitted share a key characteristic: the formation of partnerships among a wide range of

local government agencies that previously had very little involvement in homelessness. Over the years these partnerships have grown and strengthened.

Domestic Violence Program

DHR's Office of Victim Services administers funding to domestic violence programs throughout the State who provide safe refuge and support services to victims of domestic violence and their children. Services are provided by community agencies through grant agreements. There are 19 domestic violence programs serving 24 jurisdictions (15 programs directly provide shelter; 4 arrange housing through safe home networks, hotels or motels). Each program maintains a 24-hour crisis hotline. In order to prevent homelessness, domestic violence programs provide crisis counseling, advocacy and court accompaniment to victims, assisting and empowering victims to identify their options for a safe living environment. Assistance provided to victims of Domestic Violence Programs include housing advocacy, and providing legal representation and/or advocacy for the victim in an effort to secure a Civil Protective Order, removing the abuser from the home.

Emergency Shelter Grants Program

DHCD's Emergency Shelter Grants Program (ESG) provides federally funded competitive grants to local governments to support the following costs of emergency and transitional shelters: maintenance and operations, case management and essential services, and a portion of staffing costs. A portion of the grant may be used for homelessness prevention activity, such as for one-time cash assistance to prevent eligible families from being evicted. Typically, Community Action Agencies or nonprofit organizations operate these homeless programs, although some are administered by agencies of local governments.

3. To Help Homeless Persons Make the Transition to Permanent Housing (including persons with special needs who require services to achieve and maintain independent living)

A final critical component of the State's Continuum of Care is helping families and individuals transition to permanent housing. In addition to accessing HUD Shelter Plus Care Funds and Supportive Housing Program funds, the State undertakes its own activities to help persons make the transition to permanent housing.

Housing Counselor and Aftercare Program

DHR's Housing Counselor Program assists the homeless in moving to permanent housing. The program began in July 1989 to fund housing counselors in three Maryland counties, Baltimore, Prince George's, and Washington. In 1993, the Program was broadened in scope to include serving single homeless people in Baltimore City. In 1995, it was expanded again to include Montgomery County.

Housing counselors are responsible for assisting households experiencing a housing crisis to locate, obtain and maintain safe, decent affordable housing. Counselors also perform resource development activities, such as working with landlords and overseeing roommate referrals, to help expand the availability of affordable housing.

Emergency and Transitional Housing and Services Program

DHR's Office of Transitional Services provides housing and supportive services to help homeless individuals and families make the transition to permanent housing. The table below provides a summary of expected activity to assist the homeless during the coming year. It does not include persons to be assisted under federal competitive grants.

HOMELESS ASSISTANCE - DEPARTMENT OF HUMAN RESOURCES	
UNITS OF MEASUREMENT	FFY 2007/SFY 2008 EST. ASSISTANCE
EMERGENCY AND TRANSITIONAL HOUSING SERVICES	
Bednights in Emergency Shelters	60,000
Bednights in Transitional Facilities	50,000
Shelters and Transitional Facilities	80
Emergency Services	27
HOMELESS PREVENTION	
Housing Counseling	500
Eviction Prevention	9,000
Service Linked Housing	2,500
EMERGENCY FOOD ASSISTANCE	
Occasions of Service Annually	450,000
Pounds of Food Distributed	5,500,000
DOMESTIC VIOLENCE PROGRAM	
Bednights for Domestic Violence Victims and Their Children	60,000
WOMEN'S SERVICES PROGRAM	
Bednights for Women and Children	85,000

*SEE THE DHR ANNUAL REPORT ON HOMELESSNESS SERVICES FOR ADDITIONAL INFORMATION.

DHCD also operates several programs that help homeless persons make the transition to permanent housing. One is the Rental Allowance Program which provides rent subsidies to homeless families and individuals who are homeless or are threatened with becoming homeless. In addition, the Department operates the Group Home Financing Program which can be used to help homeless persons with special needs make the transition to permanent housing. Also, the Emergency Shelter Grants Program supports transitional shelters and services, including case management services, to help people attain self-sufficiency. Lastly, DHCD's rental housing programs finance affordable housing which may be accessed by families achieving self sufficiency.

The Chronically Homeless

The federal government defines a chronically homeless person as "an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years". Based on the most recent Point in Time survey information compiled by DHR, there where

about 237 chronically homeless individuals in the State's non-entitlement jurisdictions in 2004.

During the next year, the State will support the efforts of State and local housing and health agencies, nonprofits and for-profits, Community Action Agencies, PHAs, and community based and faith based groups, to receive funding under HUD's Supportive Housing, Shelter Plus Care, and Section 8 SRO programs, among others, to provide housing for the chronically homeless. These competitive programs are the primary source of funding for providing permanent housing for chronically homeless individuals, and programs financed under the Supportive Housing Program and the Shelter Plus Care program currently operate in every local homeless continuum in the State. Funding can be used to fund both new projects or renew existing projects, and the State will fully support efforts by eligible applicants to obtain these funds from HUD.

In addition, the State will also support efforts by eligible applicants to receive funding under programs such as the Section 811 program, which is specifically designed to help individuals with disabilities, as well as the Section 202 program, which is primarily aimed at helping the frail elderly but who may be homeless and have disabling conditions. The State has also supported and will continue to support efforts by local entities to receive funding under federal programs that help homeless veterans, as well as to pursue funding under special initiatives such as the Samaritan initiative, and/or offered by the U.S. Department of Health and Human Services, the Veteran's Administration, the U.S. Department of Agriculture, or any other agency (or private foundation) that funds efforts to assist the chronically homeless.

In addition to these efforts, DHCD will continue to fund and operate its own programs that can help individuals who are chronically homeless and/or have disabling conditions and need supportive housing. For example, the Group Home Financing Program and Special Housing Opportunities Program have been used by nonprofits, faith based organizations, and community organizations to provide permanent supportive housing for persons in recovery and/or with severely disabling conditions, including persons coming out of homeless shelters. Lastly, chronically homeless individuals may be assisted with all of the programs operated by DHR, DHMH, and DHCD through the continuum of care discussed above.

PERSONS WITH SPECIAL NEEDS

The mentally ill, physically disabled, developmentally disabled, persons with alcohol or other drug addictions, persons with AIDS and related diseases, the elderly requiring supportive services, and the frail elderly are special need groups requiring housing assistance. Activities to be undertaken to assist persons with special needs include new construction, substantial rehabilitation, acquisition, moderate rehabilitation, preservation, lead paint abatement, or related infrastructure improvements for rental housing, rental assistance, and supportive facilities and services.

The Elderly and Frail Elderly

The Maryland Department On Aging (MDoA) supports many programs designed to meet the housing and supportive service needs of Maryland's elderly, and especially frail elderly.

DHCD is seeking partnership opportunities with the MDoA, DHR and DHMH to expand affordability in the assisted living market. The table below shows the number of persons MDoA expects to serve during SFY 2008:

MARYLAND DEPARTMENT OF AGING	
UNITS OF MEASUREMENT	ESTIMATED ASSISTANCE FFY 2007/SFY 2008
Congregate Housing Program Participants	754
Senior Assisted Living Group Home Participants	661
Medicaid Waiver Participants	3,750
Senior Care (in home care) Program	3,932

Persons with HIV/AIDS

In order to improve housing opportunities for persons with HIV/AIDS, DHCD works with the AIDS Administration of DHMH to provide housing assistance and supportive services to persons with HIV/AIDS. The HOPWA program is carried out in Allegany, Caroline, Cecil, Dorchester, Garrett, Kent, St. Mary's, Somerset, Talbot, Washington, Wicomico, and Worcester Counties (the State's remaining areas receive HOPWA funding directly). DHCD uses its portion of the HOPWA grant to operate a tenant based rental assistance program. The AIDS Administration provides supportive services through the HOPWA program. Linkages formed with local social service providers support the social service needs of persons with HIV/AIDS.

Activities undertaken with the grants are carried out in accordance with the guidance required of grant recipients under the Ryan White Comprehensive Emergency (CARE) Act, and the Statewide Coordinated Statement of Need (SCSN) for the State of Maryland. The activities DHCD and DHR are carrying out build on previous competitive grants the State has received to provide supportive services and short term housing assistance. In addition, DHCD will continue its existing policy of assisting persons with HIV/AIDS through its group home programs.

In addition to the State program, the AIDS Administration will also administer the HOPWA program for the Bethesda-Frederick-Gaithersburg Metropolitan district which includes these jurisdictions as well as Frederick and Montgomery Counties. This was done on behalf of the City of Frederick, the original grantee, which passed along the HOPWA grant in this service area to the AIDS Administration for efficiency of operation and service delivery. These HOPWA funds will also be administered and carried out in accordance with The Ryan White/Care Act and the SCSN.

Both the rural "State program" and the "Frederick" program will provide persons with HIV/AIDS with tenant based assistance and supportive services. The "Specific Information" section below for a detailed write up on how the State of Maryland will operate these HOPWA entitlement programs.

Individuals with Mental Illness

The Mental Hygiene Administration of the Department of Health and Mental Hygiene through its public mental health system provide services to individuals with mental illness including

inpatient and outpatient services. Currently the Mental Hygiene Administration funds 2,464 adult residential rehabilitation program (RRP) beds in the community. Many of these RRP sites have been financed by DHCD and HUD (811 grants). Downsizing at the state hospitals over the past five years has added to the number of persons receiving residential services throughout the state. Over the next five years at minimum, five hundred additional mental health consumers will be in need of affordable housing that would need to include funding for rental assistance and support services in order to be discharged from state hospitals. This is based on the Statewide Needs Assessment for Mental Health Services and the Mental Hygiene Administration's Five-Year Plan for Downsizing and Consolidating of State Psychiatric Hospitals. The Mental Hygiene Administration also reports that they currently have over 800 adults on the waiting list for beds, and that an additional 400 patients in the RRP program are in need of affordable housing. Through the partnering efforts of MHA, other DHMH Administrations, local and county housing coalitions, and low income housing developers, accessible, affordable, and integrated supportive housing has become available through DHCD funding, bridge subsidy funding, HUD funding, and local housing initiatives.

MHA has developed Evidence Based Practice projects in the area of Assertive Community Treatment (ACT) in Baltimore City and Anne Arundel, Montgomery and Prince Georges Counties. The goal is to provide a team approach to intensive treatment and case management for individuals with severe persistent mental illness. These individuals may be homeless or living in temporary living situations. Safe, stable and affordable housing is a key component to a successful outcome in this project. The table below shows the number of persons with mental illness that are served through the Public Mental Health System.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE	
Mental Hygiene Administration	
Units of Measurement	Est. Assistance: FFY 2007/SFY 2008
Children Discharged from Inpatient Treatment - State Hospitals	360
Adults Discharged from Inpatient Treatment - State Hospitals	2,116
Individuals Discharged from PMHS Inpatient Treatment (Community Based)	7,770
Individuals Discharged from PMHS Inpatient & Purchase of Care Treatment (Community Based)	8,345
Consumers with SMI receiving Employment Services	1,416
Consumers with SMI receiving Residential Rehab Services	3,743
Children receiving PRP Services	4,580
Adults receiving PRP Services	9,589
Children receiving Community Based Services	42,811
Adults receiving Community Based Services	49,258

NOTES: 1. Based on Claims Paid Through 05/07/2007

2. The last two counts exclude consumers that received Emergency Petition services.

Persons With Developmental Disabilities

The DHMH's Developmental Disabilities Administration (DDA) plans, develops, and directs a statewide comprehensive system of services for persons with developmental disabilities and their families. Services include programs for individuals with mental retardation, cerebral palsy,

spina bifida, epilepsy, and severe communicative disorders. The DDA coordinates its work with other government, voluntary, and private health, education, and welfare agencies.

The DDA operates residential facilities and also provides funds for purchased care, group homes and apartments, small residential centers, and daytime programs for developmentally disabled persons. In addition, the Administration funds Family and Individual Support Services, and Supported Employment Programs. DHCD works with the DDA by financing group homes for persons with developmental disabilities. As with persons with mental illness, DHMH coordinates service delivery to persons with developmental disabilities through DHMH's Long Term Managed Care Committee. The table below shows projected activities of both housing and supportive services that the DDA expects to provide in SFY 2008:

DEPARTMENT OF HEALTH AND MENTAL HYGIENE Developmental Disabilities Administration	
UNITS OF MEASUREMENT	ESTIMATED ASSISTANCE FFY 2007/SFY 2008
Number of Individuals Served	22,020
Number of Individuals receiving home based services	7,783
Number of Individuals moved out of State Centers	13
Clients receiving community residential services	4,847
Clients in Day programs	5,557
Summer Program	1,882
Family Support Services	2,862
Individual Family Care	225
Individual Support Services	5,251
Behavioral Support Services	1,300
Community Supported Living Arrangements	1,179

Persons With Alcohol and Drug Addictions

The Alcohol and Drug Administration (ADA) of the Department of Health and Mental Hygiene will provide supportive services to individuals on both an in-patient and outpatient basis, and will provide housing with supportive services in residential homes and halfway houses. DHCD also finances group homes for persons with drug and alcohol addictions. Also, as with persons with developmental disabilities and mental illness, DHCD and DHR work together through DHMH's Long Term Management Care Interagency Committee to work toward the best possible care for persons with alcohol and drug addictions. The table below shows the number of persons the ADA will assist in the next year:

DEPARTMENT OF HEALTH AND MENTAL HYGIENE Alcohol and Drug Abuse Administration		
UNITS OF MEASUREMENT	PROGRAMS/ FACILITIES	ESTIMATED ASSISTANCE FFY 2007/SFY2006
Outpatients	65	27,000
Residential Clients	25	6,000
Halfway House	19	570
Methadone Maintenance	18	7,000

BARRIER REMOVAL

The State of Maryland's barrier removal efforts will focus on a number of issues this year. This includes continuing work on building codes, implementing its new Accessible Housing for Seniors pilot program, continuing to operate its Homeownership for Persons with Disabilities, Bridge Subsidy, and Group Home programs, and continue to carry out its activities to promote fair housing.

First, the Department through the Maryland Codes Administration will continue its work on building codes to provide fair housing, to help provide housing for persons with disabilities and, to provide decent, safer, accessible and more energy efficient housing.

Second, the Department will continue its work on the State's rehabilitation code to make it easier to rehabilitate older buildings. The Department will adopt the 2006 International Existing Building Code as part of the State's Rehabilitation Code as recommended by the Maryland Building Rehabilitation Code Advisory Council. This should help overcome some of the barriers that limit the supply of affordable housing as identified in the Five-Year Plan. This effort will also support the revitalization of Maryland's older communities, another goal of the Five-Year Plan. Specifically in the coming year:

- The Department will provide technical assistance to communities undertaking housing rehabilitation activity.
- The Department will evaluate rehabilitation projects to determine how best to provide assistance in code compliance and permitting.
- The Rehab Code Hotline (a toll free number for technical assistance on code-related issues) will continue to be used to help people determine the code requirements for their projects. In addition, adoption of the 2006 International Existing Building Code will help communities receive technical assistance including code interpretations from the International Code Council which they would otherwise be unable to access.

Third, DHCD will continue to use its Group Home Financing Program (GHFP), Special Housing Opportunities Program (SHOP), and its Homeownership for Individuals with Disabilities Programs to help integrate persons with disabilities into the community. GHFP and SHOP are specifically designed to assist the State with setting up small residential homes in the communities for special needs populations. The majority of homes financed under the program are to DHMH licensed providers who are caring for developmentally disabled or mentally ill many of whom previously resided in institutions. Very few other States provide this financing tool. The majority of homes financed under the program are for DHMH licensed providers who are caring for developmentally disabled or mentally ill, many of whom previously lived in institutions. While the Olmstead decision only addressed the right of the mentally ill to live outside of institutions, GHFP encompasses a much broader definition of special needs populations ranging from the developmentally disabled, juveniles, homeless, mentally ill, etc. The Homeownership for Individuals with Disabilities program provides mortgages at 3% for disabled individuals to purchase their home. In addition, as noted above, DHCD will also implement a new bridge subsidy demonstration program to assist persons with disability with temporary housing while they await full time housing assistance.

Fourth, DHCD will continue to offer bonus points to developers who provide accessible housing to persons with disabilities through the Qualified Allocation Plan. DHCD revised its rating and ranking to include these bonus points in 2002 to encourage set-aside of rental units for households with disabled individuals. This change has led to a substantial increase in the number of units built for disabled persons, affirmatively furthering fair housing for persons with disabilities by providing them with more housing choice.

Fifth, DHCD's Accessible Housing for Seniors program removes physical barriers in housing that will allow seniors to age in place. As noted above, this program will pay for items such as the installation of grab bars, levers, and railings, widening of doorways, installation of accessible showers, and installation of ramps, among other uses, and also affirmatively furthers fair housing by providing seniors with more housing choice.

Sixth, DHCD will continue to focus on fair housing education, with the MCHR carrying out enforcement actions. DHCD will implement its fair housing plan to ensure that everyone has equal access to housing without regard to race, sex, religion, national origin, handicap, sexual preference, or marital status. Specifically, DHCD has awarded a grant to the Greater Baltimore Community Housing Resource Board, Inc. (GBCHRB), to provide fair housing education and training to residents of the non-entitlement counties in Maryland. The project is aimed at increasing the awareness of residents of these communities about their rights against housing discrimination. Fair housing outreach plans in the coming year include:

- Distribution of free fair housing posters and basic resource guidebook in libraries, community centers, nonprofit organizations, governmental agencies, banks, and other businesses. (Brochures and posters will be made available in English, Spanish, Korean, and Russian.)
- A toll-free telephone line (800-895-6302) available statewide for fair housing counseling, information, and referral.
- Development, distribution and support of an individualized *Housing Curriculum* (K-12) for each of the counties.
- Development and distribution of individualized *Self-Help Guides to Fair Housing* for each county.
- Developing and conducting fair housing training for real estate personnel, realtors, developers, lenders and insurers, and
- Highlighting the issue of fair housing on GBCHRB's cable-TV show *Neighborhood Beat* on each county's cable system.

While DHCD is undertaking these efforts, the Maryland Commission on Human Relations (MCHR), which has primary responsibility for carrying out fair housing activities, will continue its work toward providing fair housing opportunities to all of Maryland's citizens. Activities the MCHR will carry out include fair housing testing, complaint investigation, and legal action as appropriate where fair housing violations are found and not otherwise resolved.

COORDINATION

During the next year, the State of Maryland will undertake a number of efforts to improve

coordination among State agencies, local governments, and nonprofit organizations.

- To improve the ability of non-profits to deliver housing and/or other services, DHCD will continue to set aside money from its HOME program to assist CHDOs build their capacity to better serve low-income persons. Some of these entities are also Community Action Agencies that carry out anti-poverty programs.
- DHCD is working with the AIDS Administration to administer the HOPWA program (see the “Specific Information” section below). The AIDS Administration is the primary operator of the grant, but subgrants a portion of the funds to DHCD to carry out housing activities. Funds will be used in non-entitlement jurisdictions through a network of local administrators.
- DHCD will work with MDE to continue to control lead paint, including applying for HUD lead paint hazard control funds. These funds will be coordinated with the State’s own lead paint abatement programs (see below).
- DHCD will continue to fund its Homeownership for Individuals with Disabilities Program, working with DHMH and other agencies to enable persons with disabilities to purchase their own home.
- DHCD will continue to work with DHMH and local Public Housing Authorities to carry out the Bridge Subsidy Program.
- DHCD will work with the State’s Public Housing Authorities to assess interest in the issuance of additional Grant Anticipation Revenue Vehicle (GARVEE) Bonds to help them rehabilitate their properties. (See the discussion on Public Housing below.)
- DHCD will work with the Maryland Department of Aging to carry out the new Accessible Housing for Seniors program.
- Through the MBP-4-202 Program, DHCD will continue to work closely with nonprofit owners of HUD 202-financed rental properties for the elderly to assist them in refinancing or recapitalizing these important housing opportunities for low-income residents.
- DHCD’s Division of Neighborhood Revitalization will collaborate with the 20 organizational partners of the Department’s Catalyst Training Academy to provide state of the art education and technical assistance on best practices and financial products to respond to clients’ changing needs.
- DHCD’s Division of Neighborhood Revitalization will coordinate with the Governor’s Office of Business Advocacy and Small Business Assistance (GOBA) and the Office of Minority Affairs to increase their awareness of the Neighborhood BusinessWorks (NBW) and MD Capital Access Program (MCAP) and the gap financing and credit assurance/loan loss reserves available for start-up and expanding small and micro businesses located in revitalization areas across the State.
- DHCD’s Division of Neighborhood Revitalization will continue to collaborate with the US Small Business Administration on its annual Small Business Awards Breakfast and Trade Show to promote the Neighborhood BusinessWorks Program and celebrate the small businesses in the state which NBW assists.
- DHCD’s Division of Neighborhood Revitalization will work with the Small Business Development Center Network and other providers of support to small and micro business (e.g., Morgan State University) in order to generate new referrals of small businesses seeking gap financing.
- DHCD’s Division of Neighborhood Revitalization will coordinate with the MD Dept of Environment and the US Dept of Agriculture to cross refer infrastructure projects to the

most appropriate funding source.

- DHCD's Division of Neighborhood Revitalization will continue to coordinate marketing of the Community Business Tax Credits with the MD Comptroller's Division of Revenue Administration and with business membership organizations including the MD Bankers Association, MD Society of Accountants, MD Association of Certified Public Accountants, MD Chamber of Commerce
- DHCD's Division of Neighborhood Revitalization will continue to coordinate with the MD Departments of Natural Resources, Health and Mental Hygiene, Aging and Transportation regarding projects that can be joint funded
- DHCD's Division of Neighborhood Revitalization will continue to coordinate with the MD Department of Planning in assisting with well planned development and community revitalization across the state
- DHCD's Division of Neighborhood Revitalization will continue to coordinate with its primary customers - local governments, community development corporations, nonprofit organizations, and small businesses to provide a variety of technical and financial resources
- DHCD will work with the Governor's Grants Office, as well as eligible applicants, in obtaining federal grants.
- DHCD will work with other members of the Base Realignment Commission (BRAC) – The Departments of Business and Economic Development, Environment, Higher Education, Labor, Licensing, and Regulation, Planning, Transportation and Budget and Management, as well as the affected local governments – to meet the challenges posed in the significant growth planned at the Aberdeen Proving Ground, Ft. Meade, Andrews Air Force Base and the Bethesda Naval Hospital over the next six years.
- Smart Growth – DHCD will work with other State agencies in promoting Smart Growth throughout Maryland.

OTHER ACTIONS

The State of Maryland will undertake a number of other actions to help implement the goals of the Consolidated Plan in the coming year:

Local Government Revitalization Strategies. DHCD will continue to provide technical assistance to help local governments designate their Smart Growth and revitalization areas.

Institutional Structure. The State will use inter-departmental forums to coordinate resources, develop consistent policies and methods to achieve stated goals and objectives. As noted above, DHCD has enacted several new policies in the past several years to improve the ability of developers to provide affordable rental housing. These programs include the streamlined bond program, the interest rate lock-in program, MBP 4 202, the reopening of MHRP-MG, changes to PRHP, and Multifamily Development 4 Less (MD4L).

Low Income Housing Tax Credits. DHCD has a uniform application and process for allocating tax credits that is also used in the award of rental housing funds from State and federal resources. The uniform application and allocation process was developed in 1995 to improve coordination of all programs providing funding for multifamily rental housing projects.

Federal Low-Income Housing Tax Credits will continue to be awarded through DHCD's uniform allocation process for multi-family housing.

One or more competitive rounds are held annually and awards are based on the criteria outlined in the state's "Qualified Allocation Plan" (QAP) and in the Multifamily Rental Financing Program Guide. These plans are reviewed periodically and updated in accordance with the department's goals, industry standards and periodic revisions to Section 42 of the Internal Revenue Code. An update to the QAP and Guide became effective in October 2006 and will guide financing and allocation decisions through the CY 2007 competitive cycle. In addition to maintaining the Department's goal of financing projects with experienced development teams, high development quality, a strong market demand, and high public purpose, notable changes in the latest update include:

- Require that project ensure individuals with physical disabilities have priority for occupancy of qualified Uniform Federal Accessibility Standards (UFAS) units;
- Encourage development of environmentally sensitive housing with addition of Sustainable Development Criteria for location, site, and construction specific project elements;
- Added guidance for Multifamily Bond Program (MBP) application processing requirements in anticipation of the rollout of new Multifamily bond Program financing products;
- Made limited allowance for returns and re-issuance of reservations without a new application in cases when sponsor is not at fault;
- Encourage development of affordable housing in community revitalization areas, near transit and metro locations, and in vibrant communities as evidenced through homeownership, employment, and education indicators.

Public Housing. DHCD does not operate public housing. However, it does work with Public Housing Agencies (PHAs) to help them construct or rehabilitate affordable rental housing through its Partnership Rental Housing Program. PHAs have also completed for State funds and tax credits to rehabilitate or develop public housing units.

Over the past several years, DHCD has worked with several housing authorities to assist in their efforts to expand and modernize their housing stock. Notably, DHCD's assistance to the Housing Authority of the City of Hagerstown has been instrumental in the revitalization of the former site of the Westview Homes public housing project into a new development known as Gateway Crossing. Westview Homes was a 210-unit public housing project built in 1952 on a 15-acre site at the west end of the City of Hagerstown. The project was demolished by the Housing Authority in 2001-2002 with financing provided by HUD's HOPE VI program. The site is being redeveloped into Gateway Crossing in four (4) phases to provide a mixture of rental housing, homeownership units, and community space.

When completed, Gateway Crossing will include the new construction of 290 rental (150 public housing and 140 tax credit) and 78 homeownership units on the site of the former Westview Homes. In addition, the project will include the rehabilitation of 32 units for existing homeowners (for a total of 110 homeownership units) within the surrounding neighborhood. The project also includes a large community center, the Elgin Station Community Center.

To date, DHCD has provided or reserved funding for the rental units in all four phases of the

project, providing Low Income Housing Tax Credits (LIHTC), Rental Housing Production Program funds and Partnership Rental Housing Program funds. An estimated \$73,000,000 will be invested in accordance with the HOPE VI revitalization plan. The HOPE VI application was submitted to HUD in June 2001, and received as award of \$27,357,875 in October 2001.

For the past several years, DHCD has also worked with HUD, and the City of Baltimore, and private developers to repair or replace all of Baltimore City's public housing high-rises. This effort cost an estimated \$293.5 million with DHCD providing \$65.3 million in Partnership Rental Housing funds, as well as other State funds, federal low-income housing tax credits, and tax-exempt bond proceeds. The federal government, the City, and the private sector paid the rest. All of the high-rises that have been scheduled for demolition have been demolished. and new, low-density units will be built either on the sites of the old high-rises or on scattered sites throughout the Baltimore area. All four of the on-site replacement developments are complete. Construction of the scattered site projects is nearing completion.

The goal of the initiative is to change not only the physical environment for residents through lower density, high quality, mixed-income housing which is architecturally integrated with surrounding communities, but also to address the personal development of individuals and families through supportive services and the promotion of self-sufficiency. A community and support services plan, a requirement of both the federal and State funds, has been developed for all projects. The focus of these plans is job training, education, and employment. The Baltimore City Housing Authority is responsible for tracking progress made toward self-sufficiency.

The development of resident initiatives is also part of this program. Residents have consistently been included in the planning of the new communities, primarily through resident councils. They will continue to work with the Housing Authority and management companies to help screen residents, undertake community projects and serve as an advisory group. The annual income of most of the public housing families living in the redeveloped communities will range from about \$8,000 to \$17,000 per year. Lastly, in recognition that welfare reform will have an impact on the majority of residents in the redeveloped properties, partnerships with the private sector and numerous training and employment programs have also been developed to assist residents become self-sufficient.

In addition to the above, DHCD has been a financing partner for other PHA's HOPE VI projects and will work with the State's PHAs to issue the State's second round of Garvee Bonds. DHCD became the first State to issue Garvee bonds in partnership with PHAs earlier this year. Garvee bonds are bonds financed against future capital appropriations. In the case of PHAs, these bonds would be issued against federal Public Housing Capital Grant funds. Funds from the bonds would be used to rehabilitate and repair local public housing units. DHCD expects that the next round of Garvee bonds will be issued in 2008.

Helping Troubled PHAs

As part of the 1998 Quality Housing and Workforce Responsibility Act (QHWRA), Maryland and other States must describe how they would assist troubled PHAs with "financial or technical assistance" to help them lose their troubled status. HUD scores PHAs on their

management practices and the physical quality of their units - a SEMAP score under 60% results in a PHA being given "troubled" status.

In the event a PHA is designated as troubled, DHCD will cooperate with HUD to provide technical assistance to help them lose their troubled status. The type of assistance offered will be based on the findings in HUD's scoring that resulted in the PHA's troubled status. Examples of technical assistance DHCD will offer include assistance with financial operations, asset management, property management, or day-to-day operations, as appropriate. In addition to technical assistance, PHAs which have units in need of rehabilitation are eligible applicants for assistance under the competitions for DHCD's rental housing programs.

Any PHA in either the non-entitlement or entitlement areas of the State can come to the State for TA if desired. In addition, troubled PHAs, regardless of whether they are located in entitlement or non-entitlement jurisdictions, are eligible applicants for DHCD's housing rehabilitation programs. All PHAs are also eligible to participate in the next PHA Capital Fund Securitization Revenue Bond, which would allow them to repair their physical units if their troubled status were due to the condition of their properties.

There is one PHA covered by the State's Consolidated Plan which is considered troubled, which is the Wicomico County PHA. The Wicomico County PHA is troubled by virtue of its low PHAS score. While HUD's Community Planning and Development office asks what grantees are doing to help troubled PHAs, HUD's Public and Indian Housing Office, which administers PHAs, requires PHAs to work with certified technical assistance providers such as Quadel, Nan McKay, or NAHRO. DHCD does not have the capacity to provide the required forms of technical assistance need by the Wicomico County PHA. The Department neither owns nor operates any public housing of its own; and, therefore does not have the technical expertise in many areas of the public housing program. However, DHCD stands ready to use its existing financing tools and programs to assist Wicomico County in addressing its housing issues should such programs be appropriate

Preservation of Affordable Housing. According to HUD the average household income for residents of federally assisted private rental housing is about \$7,000 a year. Because few other housing programs are capable of such deep subsidies, preservation of Maryland's stock of project-based Section 8 housing is a major goal of DHCD. DHCD will work pro-actively with federal and other public and private partners to preserve this valuable affordable housing resource.

Preservation efforts will be carried out through existing programs that finance the acquisition and rehabilitation of existing low-income properties. These programs include the Maryland Assisted Housing Preservation Act which provides for ample notice, relocation and other protections for residents of assisted housing. The notice requirements will allow DHCD time to work with local government and other stakeholders on a case-by-case basis to provide incentives for owners, who would otherwise opt-out of the Section 8 program, to keep their projects affordable. The Department also expects to strengthen its existing multifamily portfolio through the use of bonds by re-capitalizing projects in order to provide capital improvement and capital reserve funds.

The Department is an active source of financing for sponsors of affordable housing preservation projects. In partnership with HUD, the Department has supported a number of projects in restructuring their existing Section 236 loans to facilities the preservation of housing for very low-income households. Additionally, through create use of tax-exempt bond funds, the Department is able to promote the preservation of affordable properties.

Lead Paint Abatement. The State of Maryland will be pro-active in its efforts to address the lead paint issue. DHCD received a \$3 million, lead hazard control grant from HUD which will and is being used to control lead hazards in both single family and multi-family housing. Actions to be taken will include:

- Providing grants to property owners to abate lead paint
- Providing technical assistance to property owners to abate lead paint
- Improving the screening of children as required under Medicaid regulations
- Improving outreach to families and screening children through local health departments, and
- Stepped up enforcement of existing lead laws included increasing the properties to be registered, enforcing risk reduction standards in registered properties and ensuring units with unacceptable lead levels are not re-occupied until the lead hazards have been controlled.

In addition, DHCD operates it own lead abatement program funded with State appropriations that help control lead hazards, and the Maryland Department of the Environment enforces lead paid reduction and control rules for landlords which also helps substantially reduce childhood exposure to lead based paint.

SPECIFIC INFORMATION

The information below provides detailed guidance on how the State will operate the HOME, CDBG, and ESG programs during the coming year. Included is information on the application process, threshold criteria, rating and ranking, and other program requirements to be met by HOME, CDBG, or ESG program applicants.

DHCD expects to receive the following FFY 2007/SFY 2008 allocation of funds from HUD for the CDBG, HOME, and ESG programs:

- **CDBG - \$8,157,818**
- **HOME - \$7,526,401**
- **HOME ADDI - \$95,539**
- **ESG - \$607,231**
- **HOPWA - \$335,000**

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Maryland Community Development Block Grant Program is a federally funded program designed to assist units of local government with activities directed toward neighborhood revitalization, housing opportunities, economic development and improved public facilities and

services. Congress initiated the program in Title I of the Housing and Community Development Act of 1974 and provides funds to non-entitlement areas of the State. Non-entitlement areas are non-urban counties with populations less than 200,000 and municipalities of less than 50,000 population. The Maryland CDBG program is administered jointly by the Departments of Housing and Community Development (DHCD) and Business and Economic Development (DBED).

State Fiscal Year 2008 Allocation

For SFY 2008 (FFY 2007), Maryland anticipates an allocation of \$8,157,818. The allocation is divided into the following categories:

STATE OF MARYLAND CDBG ALLOCATION – FFY 2007	
State Administration (2% + \$100,000)	\$263,156
Technical Assistance (1%)	\$81,578
Community Development (72% - \$600,000)	\$5,273,629
Special Projects	\$500,000
Economic Development (25%)	\$2,039,455
TOTAL	\$8,157,818

In addition to the formula allocation, DHCD expects to receive about approximately \$460,000 in program income for the CDBG program in the coming year. As per our discussion on CDBG program income below, program income will be used for the same purposes from which it was generated.

CDBG Match Requirements

The State will match the two- percent administrative allowance with State general funds. The one percent Technical Assistance funds will be used to provide technical assistance to grantees and potential CDBG recipients, aid in the development and implementation of revitalization strategies in non-entitlement areas, increase the capacity of local recipients and subrecipients to utilize CDBG funds and compile infrastructure needs within nonentitlement areas.

Program Objectives

The primary objectives of the Maryland CDBG program are to provide decent housing and necessary supporting infrastructure, preserve and develop viable communities through the expansion of economic opportunities, and meet the critical needs of Maryland's communities. The Maryland CDBG program provides public funds for activities that meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended:

- gives maximum feasible priority to activities that will benefit low and moderate (LMI) persons and households having an income equal to or less than the Section 8 lower income limits established by HUD;
- aids in the prevention or elimination of slums or blight; or
- meets community needs that are of an urgent nature or an immediate threat to community health and welfare.

Additional Maryland CDBG program objectives include:

- revitalizing older neighborhoods and established communities;
- leveraging CDBG funds with other public assistance programs and private resources;
- directing growth to existing population centers;
- providing essential public services to low and moderate income persons;
- encouraging collaboration with Maryland State and local programs focused on community development efforts; and
- Supporting the development of a Statewide Homeless Management Information System

COMMUNITY DEVELOPMENT PROJECTS

Application Process

Applications for community development projects are accepted annually on a competitive basis. The funding round is announced in advance of program opening, and applicants are given a minimum of 45 days to prepare their applications. Five hundred thousand dollars of the community development set aside are reserved for special projects. Any funds not awarded in the round will be announced to eligible jurisdictions and distributed on a first come, first served basis to projects meeting the minimum standard and approved by the Department. The maximum amount an applicant may seek in the competitive round of CDBG funds distributed by DHCD is \$800,000. For infrastructure projects that have a total project cost of \$1 million or more, the maximum CDBG request can not exceed 50% of the total project cost up to a maximum of \$800,000. Infrastructure is defined as publicly owned water, sewer, streets, sidewalks, flood and drainage improvements, and publicly owned facilities.

Applications are evaluated in a three-step process: threshold review, project evaluation, and funding recommendations. Only projects that meet threshold requirements set forth in these guidelines and have complete applications submitted by the application deadline date will be rated and ranked in any competitive round.

Threshold Review

Applications in the competitive process are pre-screened by Maryland CDBG program staff for compliance with minimum thresholds. At the completion of the threshold review, applicants whose proposed project applications are not complete or do not meet basic eligibility and threshold requirements will be notified by mail that project review has been terminated.

Each application must meet the following minimum eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction;
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed project meets a national objective as required under 24 CFR Part 570;
- The project is located in a Priority Funding area, except for single family housing rehabilitation, where the Secretary determines that the project is necessary to protect public health, alleviate personal economic hardship in an emergency situation or promote economically integrated housing, or where an exception has been approved through the Department of Planning process;
- The applicant meets performance thresholds on prior CDBG grants including timely drawdown of funds, submission of Progress Reports, or other requested materials and resolution of monitoring issues.

Performance Thresholds:

Expenditure of certain minimum percentages of previous grants must be met by the last Friday of the week preceding the deadline for submission of the application in the competitive process. These percentages will be announced at the opening of each round and are more fully described in the CDBG Project Evaluation Guide. They will apply to open Maryland CDBG program grants in the Community Development category. Exceptions will be made only under extenuating circumstances, particularly where funds are targeted for recapture by the State but no formal letter has been issued.

Monitoring issues will be reviewed on a case by case basis, taking into consideration the significance of the finding(s) or concern(s), the corrective action(s) taken by the grantee or subrecipient to resolve the issue(s), and the timeliness of the grantee in responding.

For funding of community development projects for which a Project Feasibility and Planning grant was awarded, a required portion of the study must be completed. Waivers of threshold requirements may be granted on a case by case basis when requested in writing prior to the submission deadline for the application.

Resource Allocation Model (RAM)

All CDBG applications are subject to a modified review under a resource allocation model to determine the economic impact of the project. All applicants will be asked to provide additional information for this review.

Project Evaluation

All applications that meet the threshold criteria will be rated and ranked competitively by a review committee composed of Maryland CDBG program staff and other departmental staff with participation from other government agencies when appropriate. Applicants will be given an opportunity to answer the committee's questions either via phone or e-mail.

Rating is based on a 150-point scale. Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be

considered in determining the points assigned. A copy of the rating form is included with the Project Evaluation Guide.

RANKING FACTOR	MAXIMUM POINTS
PUBLIC PURPOSE Consistency (10) Severity of Need (30) Community Support (5)	45 Points
PROJECT IMPACT Impact on Need (10) Benefit to LMI Households (15)	25 Points
PROJECT MANAGEMENT Readiness (35) Accuracy of Costs (10) Capacity (10)	55 Points
LOCAL COMMITMENT/LEVERAGING Local Commitment (15) Leveraging (10)	25 Points

Public Purpose/Local Need (45 maximum points)

Severity of Need (30 maximum points). Based on the information in the application, the degree of distress and examples provided will determine the number of points awarded. Distress factors considered include the quality and quantity of existing facilities, including the need for rehabilitation or replacement, condition description, age, adequacy or absence of facilities, services, housing etc. Up to twenty (20) points are awarded where there is indication of unmet need for new or additional services or facilities such as housing rehabilitation, head start centers, streets and sidewalks or developmental centers. Up to five (5) points are awarded where existing physical health and safety conditions are documented. Up to five (5) additional points are given to projects that address imminent health and safety issues such as contaminated wells, failing septic or emergency housing repairs.

Community Support and Involvement (5 maximum points). Maximum points may be awarded based on evidence of community support and involvement in the project, its development and implementation. Letters of general support and participation may include local interest or neighborhood groups, local public or non-profit agencies and individuals that might directly benefit from the project.

Consistency with Local Needs/Plans/Strategies (10 maximum points). Points are awarded based on the degree to which the project fills a need in the community and is specifically identified and consistent with a locally developed revitalization strategy or comprehensive plan (up to 5 points). Maximum consideration is given to projects that are consistent with local plans and most effectively re-use existing buildings and infrastructure (up to 5 additional points).

Project Impact (25 maximum points)

Impact on Need (10 maximum points). Points may be awarded based on the extent to which the project will address the needs and alleviate the existing problems described by the applicant.

Benefit to Low and Moderate Income (LMI) Households (15 maximum points). Maximum points may be awarded to projects where there is a direct benefit to LMI households. Moderate points will be awarded to projects where there is an area wide benefit to LMI households. No points will be given for slum/blight projects where there is no benefit to LMI persons, or where benefit cannot be determined.

Project Management (55 maximum points)

Readiness to Proceed (35 maximum points). Points may be awarded for the extent to which the project is ready to proceed and the implementation schedule is reasonable. The assessment is based on the relative progress of elements such as site control/easements, architectural design or preliminary engineering, commitment of financing or the development of rehabilitation guidelines.

Maximum points (30) may be awarded to applicants that have completed preliminary design and/or engineering, can document that all funding sources are committed, can complete the environmental review process within 60 days of the award date or can otherwise demonstrate an immediate readiness to proceed.

Twenty (20) points are awarded to applicants that can complete the environmental review process and commence the project within 90 days of the award date.

Ten (10) points are awarded for projects that can complete the environmental review process within 90 days and commence the projects within 91-120 days of the award date.

No points are awarded when completion of the environmental review cannot be completed within 90 days or project commencement is projected beyond 120 days of the award date.

Up to five (5) points are awarded based on the reasonableness of the projected implementation schedule.

Accuracy of Costs (10 maximum points). Maximum points may be awarded to projects which best document that project costs have been carefully estimated. Estimates should reflect the applicability and impact of Davis-Bacon wage rates, acquisition, relocation or replacement housing requirements. Preliminary professional studies, appraisals, tax assessments, wage rate determinations are some examples of acceptable documentation. No points will be awarded if documentation of costs is not submitted.

Administrative Capacity (10 maximum points). Points may be awarded for projects based on the general stability and track record of the local government (5 points maximum) and the subrecipient where applicable, as well as the adequacy of staff to implement the project (5 points maximum).

Local Commitment and Leveraging (25 points maximum)

Local Commitment (15 maximum points). The Department will consider the extent to which local funds will be contributed to the project. Maximum points (15) may be awarded to applicants whose local contribution exceeds 25% of the total project costs. Local contribution of 15%-24% of total project costs receives 10 points. Where there is some local contribution but less than 15% of the total project costs, 5 points are awarded. No points will be given where there is no local contribution.

Local funds include cash and any in-kind contributions which materially contribute to the project completion. In-kind contributions must be documented and may include the donation or long term lease of land or buildings, appropriation of local revenues, site improvements or installed infrastructure, deferral of real estate taxes, abatement or payment in lieu of taxes, payment of debt service (including federal and state loans to the local government) or operation and maintenance expenses, provision of public services without charge and administration. The contribution may be provided by the local government or directly by a non-profit sub-recipient.

Leveraging (10 maximum points). The Department will consider the extent to which local and CDBG funds are used to leverage other public and private funds. Points will be awarded based on the documented commitment of funds specifically identified to supplement CDBG funds. Maximum points (10) will be awarded for projects where 50% or more of the project costs are from sources other than local or CDBG. If less than 50% of the project costs are from sources other than CDBG and the locality, five (5) points are awarded. The application will receive no points for leveraging if other funding sources are available but are not sought. Leveraged funds include other public or private grant funds, individual or corporate donations, or public loan funds made directly to the beneficiary.

Funding Recommendations

The highest rated applications are recommended for funding until the allocation for the round is exhausted or the next highest rated project requests more funds than are available and the project cannot be phased. In that case, the next highest scoring project may be funded. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first.

The committee may recommend an award less than the requested amount with a recommendation to decrease the size, scope and/or costs of the project. A planning grant may be awarded in lieu of project funding where further study is deemed necessary.

Those applications not funded are rejected and are not reconsidered unless the applicant reapplies in a later round or is considered for special projects at the discretion of the Secretary. The application then is competitively rated against the applications received in that round. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are not recommended for funding.

Committee recommendations (both for approval and rejection) are reviewed by the Assistant Secretary for Neighborhood Revitalization and forwarded to the Secretary of Housing and Community Development for final approval. In addition to the rating criteria, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State's CD objectives and priorities
- The availability of alternate or contributing funding sources for the total project or some of its components

- A reasonable distribution of projects among regions of the State
- The ability to respond to a locality's special needs, and
- The degree of community commitment for the project.

Awards are expected to be announced within approximately 90 days of the application submission deadline.

Special Projects and Planning Applications

Special Projects and Planning applications may be submitted anytime and are reviewed independently by Maryland CDBG program staff and are subject to the same Threshold Criteria as community development projects. They are also required to meet the minimum point standard of 105 points. Five hundred thousand dollars of the CD set-aside is reserved for special projects and planning grants.

Applications may be submitted for special projects funds based on:

- high priority and emergency need;
- timing of the request is out of cycle; or
- the need for supplemental funding for an existing project.

No specific amount is allocated for planning, nor is there a limit on the amount of a planning grant. However, a twenty percent (20%) match is required, of which no more than 5% can be in-kind. (Planning grants for economic development activities can be funded from the economic development set-aside.)

Special project and planning grant funding recommendations are made on a case by case basis to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of Housing and Community Development for final approval.

ECONOMIC DEVELOPMENT PROJECTS

Economic Development (ED) funding may be awarded to Maryland's non-urban counties and municipalities for a variety of economic development activities. CDBG-ED is a financing resource to support local economic development initiatives either by direct public improvements to facilitate new industry or through loans to assist businesses. Job creation through business expansion in Maryland's rural communities is the primary objective of the economic development category of CDBG. Additionally, economic development funds may be used by local governments to assist with commercial revitalization projects that will address downtown deterioration and that will promote economic vitality.

Prior to submission of an application to DBED, a pre-application conference is required. If the project proposal is accepted for funding consideration, the conference is followed by an internal review by the Credit Committee. There is no limit to the number of applications a jurisdiction may submit each year in the ED category. There is no maximum grant amount.

The economic development criteria are:

- a. Compatibility with the State's overall ED strategy; contained in the Maryland Economic Development Commission Report, "Strategic Directions for Increasing Maryland's Competitiveness", with emphasis upon the targeted growth industry sectors.
- b. project feasibility;
- c. sources and uses of funds;
- d. LMI benefit - Costs per job;
- e. readiness to proceed;
- f. local commitment;
- g. capacity to administer a grant; and
- h. prior performance in administering grants.

The following are additional areas under which prospective projects are accepted for funding consideration:

- a. projects that diversify the economy of the local region or community, particularly those with defense impacted businesses and industries, to the extent that a significant percentage of jobs are saved or created;
- b. projects that prevent a major plant shutdown; or
- c. projects that foster the development and growth of small and minority businesses including micro-enterprises.

ED applications initially are reviewed by DBED and DHCD for eligibility requirements. Additional reviews are based on criteria established for the category and on benchmarks which determine the "best" ED projects. These include:

- a. amount or percentage of local commitment;
- b. leveraging ratio of owner invested capital, private and other public funds to CDBG is 3:1 or greater;
- c. CDBG cost per job is \$25,000 or less;
- d. number of jobs created for or retained by LMI persons;
- e. percentage of the CDBG financing used for working capital to the total working capital need does not exceed 25 percent;
- f. negotiated interest rate and terms of a loan will reflect the most appropriate amount necessary to make the project feasible;

- g. quality of collateral;
- h. the highest degree to which ED goals are achieved by the project as it pertains to the overall ED strategy.

Deviation from the above criteria will be based on justifiable circumstances and in consideration of the merit of the project as it relates to public benefit and/or increased economic stability.

If the project includes a loan to a for-profit business, the loan is underwritten for an "appropriateness" determination, which includes financial analysis and determination of public benefit.

A site visit may be made to obtain additional supporting information. Recommendations are made and final approval is determined by the DBED Secretary.

The DBED Secretary may approve or reject a recommendation based on the following additional factors:

- a. degree to which the project supports the State's small businesses, especially those owned by minorities;
- b. support of industry that exports goods or services outside the State; or
- c. increased economic vitality and physical attractiveness of downtowns and other concentrated commercial areas.

If two or more projects are evaluated equally, the higher rated project will be the one which ranks first among these priority criteria:

- a. creates the most jobs for LMI persons;
- b. business site is within an enterprise zone; or
- c. makes the greatest impact on the identified needs of the community.

Community Legacy or Local Infrastructure Financing Program Activities Transferred to CDBG

The Community Legacy Program is a State funded initiative to assist local governments and community development organizations to undertake comprehensive neighborhood revitalization strategies. The Program provides funding for both planning and capital projects. It also attempts to leverage other State and federal funds where possible.

Under the Local Infrastructure Financing Program, the Maryland Department of Housing and Community Development (DHCD) issues bonds on behalf of counties, municipalities, and their instrumentalities to finance public purpose infrastructure projects. The program generates savings in the costs of borrowing by pooling the local demand and managing the bond issue.

Eligible portions of approved community legacy applications or infrastructure projects from non-entitlement units of local government that meet a national objective can be funded with CDBG funds at any time. Community Development funds not obligated in a competitive round, special projects or economic development funds may be used to fund eligible community legacy or infrastructure bond activities. While submission of a separate application is not required, some additional paperwork will be required. Recipients must follow all applicable rules, regulations and statute governing the CDBG program.

PROGRAM POLICIES AND PROCEDURES

Funds Transfer

No later than eight months from the award date of the State allocation, DHCD and DBED will consult regarding the status of funds and pending projects to assess the need for transfer of unobligated funds between categories. With mutual concurrence of the Secretaries of DHCD and DBED, unobligated funds remaining in the ED category will be made available for funding CD projects. If sufficient qualifying CD applications are not then pending, the funds may be awarded to the next qualifying special project or rolled into a future competitive funding round.

With concurrence of both agencies, funds also may be transferred between categories at any time during the year to meet additional demand for funds for special projects or community development projects.

A review of the Special Projects balance will occur prior to the announcement of the annual CD competitive round. If sufficient projects have not been funded or are not expected to obligate the entire \$500,000 dollars set aside, all or a portion of the funds can be used to fund competitive projects.

Administrative Costs

Applicants for community development funds may request that up to 15 percent of the grant be used for general administrative costs. Applicants for economic development funds may request up to 10 percent for administrative costs.

Other Policies and Requirements

1. Applicants may not submit the same project for funding to both DHCD and DBED simultaneously. However, DHCD and DBED may decide to jointly fund an application.
2. Applications submitted on forms from one department or category may be funded from the other without resubmitting the proposal, should DHCD or DBED transfer the application between departments. When applications are transferred from one department or category to another, projects are reviewed against the criteria for the particular category to which they are transferred.
3. DHCD and DBED reserve the right to negotiate with the applicant for elimination of certain

portions of the proposed project which do not make a strong contribution and/or for reducing the grant amount, and for the determination of payment terms and schedules when loans are involved.

4. Financial Penalty - The Environmental Review and Request for Release of Funds must be submitted for approval by DHCD within 5 months of the award date. Failure to do so may result in a 10% financial penalty of the grant award. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds may be recaptured. The exception shall be for projects with issues identified through screening letters where the CDBG Environmental Officer has been notified in writing. Further delay in completing the Environmental Review and obtaining a Release of Funds could result in the termination of the grant.

Requests for Additional Funding

A jurisdiction may not apply to DHCD or DBED for additional funds for a previously funded project, unless there are extenuating circumstances surrounding the shortfall. The locality must provide a written explanation of the reasons for the shortfall, including:

1. the reasons for the request for additional funds;
2. verifiable documentation of a significant increase in beneficiaries, if applicable (i.e., job creation), tax revenues, and/or private sector leverage;
3. proof that all alternate funding sources have been exhausted; and
4. documentation of any negative impact on the community if the project is not completed.

All requests for additional funds are subject to review by DHCD or DBED, in accordance with evaluation criteria applicable to the year from which additional funding, if awarded, is allocated. This does not apply to projects that are anticipated to be completed in clearly identifiable stages.

Project Amendments

Circumstances or conditions may develop during the course of a project's implementation which could prompt the grantee to request, in writing, an amendment to the grant. Accordingly, grantees must obtain DHCD or DBED's approval for amendments in the following instances:

1. if the addition of a new, or deletion of an existing activity or project is proposed;
2. if activities in an area other than the approved target or project area are proposed;
3. if the scope of the existing project or activities will change (i.e., number of beneficiaries);
4. if a budget revision is proposed resulting in a transfer between approved projects and

activities of a cumulative amount in excess of ten percent of the grant award;

5. in other instances where DHCD or DBED determine an amendment to be appropriate, such as where technical changes in legal or administrative terms occur.

The request for a project amendment shall provide sufficient information to explain and justify the proposed changes. An amendment to a grant agreement resulting from 1. 2., or 3., is subject to the following requirements:

1. citizen participation;
2. State clearinghouse review;
3. environmental clearance.

The request for a project amendment will be reviewed on the basis of eligibility and the evaluation criteria applicable at the time of the amendment request.

A time extension may be granted, generally for one year, when it is determined by DHCD that as a result of unforeseen circumstances, the grantee will not complete a project by the completion date established in the grant agreement. The time extension is processed internally by DHCD and is not subject to the requirements of project amendments listed above.

Funds Recapture

Any funds recaptured through project cancellation, misuse, failure to expend funds in a reasonable period of time, or completion of an activity at a cost savings will be returned to the category from which they were awarded, less any amount eligible for State administration and technical assistance costs, for redistribution to an eligible project. Recapture funds may be transferred to another category or set-aside with the concurrence of the program administrator or the agency, if applicable.

Program Income

Program income is defined as gross income received by the recipient or a sub-recipient directly generated from the use of CDBG funds. It includes, but is not limited to, the following:

1. proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;
2. proceeds from the disposition of equipment purchased with CDBG funds;
3. gross income from the use or rental of real or personal property acquired by the recipient or a sub-recipient with CDBG funds, less the costs incidental to the generation of the income;
4. gross income from the use or rental of real property owned by the recipient or a sub-recipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;

5. payments of principal and interest on loans made using CDBG funds;
6. proceeds from the sale of loans made with CDBG funds;
7. proceeds from the sale of obligations secured by loans made with CDBG funds;
8. interest earned on funds held in a revolving loan fund account;
9. interest earned on program income pending disposition of the income;
10. funds collected through special assessments made against properties owned and occupied by households not of LMI, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

Program income may be retained by the grantee provided the grantee pledges its general funds to reimburse the State for any financial liability related to negative findings by HUD with regard to the re-use of income and if:

1. the program income is targeted for an eligible CDBG activity that meets a national objective and for which DHCD or DBED has given approval; or
2. the program income is targeted for use for the "same activity". "Same activity" is defined as one with the same purpose and same location as the activity generating the program income; and
3. completion of the proposed activity will meet time constraints established by DHCD.

A re-use plan for program income, which includes a description of the proposed method to manage the funds and the capacity of the grantee to comply with State and federal regulations, must be submitted as part of the application and approved by DHCD or DBED, depending on the category. The decision to permit retention of program income by the grantee will be made on a case-by-case basis.

Upon the written instructions of DHCD or DBED, a grantee and any sub-recipient shall permit an authorized agent of DHCD to collect, distribute, or in any other manner deal with program income in accordance with such written instructions.

CDBG regulations provide that program income generated by a local government in an amount of less than \$25,000 per year is excluded from CDBG program requirements. The State may use two percent of any program income returned to the State or received and retained at the local level during the program year for administration.

Remaining program income received by the State will be distributed in an expeditious manner for activities in the same category and/or set-aside from which it is derived unless it is transferred to another category or set-aside with the mutual concurrence of both agencies. The distribution will be in accordance with the criteria and method of distribution for the

category as set forth in the Consolidated Plan. Any program income that is distributed by the State during the period beginning with the date HUD awards the annual grant to the State and ending with the following year's grant award date is considered to be covered by the current Consolidated Plan.

CDBG Monitoring

Every CDBG grant is monitored at least once during the lifetime of the project. Monitoring of planning grants is accomplished through a desk monitoring in which grantees submit a completed checklist and supporting documentation. Staff reviews the information and writes a summary report which is then mailed to the Chief Elected Official within 60 days.

All other CDBG grants are monitored through a visit to the grantee and review of the records on-site. Monitoring of a grantees' capacity to meet compliance, project performance and national objective requirements includes an assessment of the following:

- Overall CDBG management structure;
- Internal procedures and controls;
- Capacity to track projects and activities from the planning stage through applicable major milestones (e.g., release of funds, contract bid and award, etc.) to completion;
- Consistency of the implemented project with the approved plan (as reflected in the grant application, Grant Agreement, and any amendments);
- Capacity of the grantee (and/or its subrecipients) to ensure compliance with the relevant programmatic and compliance requirements.

24 CFR 570.490 and 24 CFR 570.506 describe the Federal record-keeping requirements in general terms. In addition, the Grant Agreement provides additional guidance to grantees on records to be maintained. At a minimum, the grantee's records must provide a full description of each activity assisted, including its location, the amount of funds budgeted, obligated and expended, and the category of eligible activity(ies) being undertaken (pursuant to Subpart C of 24 CFR 570). The records must also be sufficient to document compliance with all other applicable State and Federal requirements. Grantees must have the capacity to provide the various reports periodically required by DHCD, particularly those specified in Exhibit D of the Grant Agreement. The CDBG project records must be maintained for a period of three years after the close-out date of the State CDBG grant from HUD; in the event of litigation, claims, or other unresolved legal or audit issues, however, the three-year period is extended.

The on-site review typically will involve the following types of activities:

- Interview grantee's management, program, and administrative staff (and/or those of their subrecipients, as relevant).
- Inspect project sites, both for completed and on-going CDBG activities.
- Conduct a general review of the project records.

DHCD staff must review the grantee's (and/or subrecipient's) files to determine whether adequate documentation is being maintained to show compliance with the applicable Federal

and State requirements. In regard to the local record-keeping system, the Reviewer should look for the following:

- The record-keeping system should be divided into categories that logically correspond to the key components and compliance areas of the project (e.g., citizen participation, environment review, documentation of national objectives, etc.); it should be updated regularly, and maintained in an orderly manner.
- Responsibility for maintaining the CDBG project files may be divided among several individuals. The Reviewer should identify those individuals who have responsibility for maintaining the CDBG files.
- All CDBG files must be secure and safeguarded.
- The records must be easily accessible to appropriate and authorized grantee (or subrecipient) staff, as well as State and Federal officials or their designees (e.g., the files may not be kept in someone's home or automobile).
- The files must contain adequate source documentation.

As part of their review, DHCD staff complete checklists to document their review and conclusions concerning projects and activities. Projects delayed due to circumstances beyond the grantee's control are discussed with the grantee and appropriate rescheduling is agreed upon.

Projects/activities for which little or no progress has been made, or which appear to be ineligible or inconsistent with national objectives, or which exhibit non-compliance with other pertinent State or Federal requirements result in a finding or matter of concern. DHCD monitoring staff considers and offers proposed remedies (including technical assistance) and/or required corrective actions that will remove impediments to progress or address non-compliance.

A written report is completed and issued to the Chief Elected Official within 60 days of the visit. The report stipulates the required corrective actions and the time frame for completion. Follow up continues until all findings and matters of concern are adequately addressed and resolved.

Suspension of Method of Distribution for Presidential Disaster Declarations

In the event of a Major Disaster Declaration by the President of the United States for a city, town, or unit of local government located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State policies for the CDBG program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the CDBG program.

CDBG Performance Measures

HUD asks grantees to assign prospective HUD performance measures to the activities it expects to undertake. The table below shows how projected activities that will be undertaken through the CDBG program in the coming year will act in accordance with HUD's performance

measures:

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM			
FFY 2007 Annual Action Plan Planned Project Results			
Outcomes and Objectives *	Performance Indicators	Estimated Project #s	Activity Description
SL-3	New or improved access to infrastructure	7	New or improvements to public water and sewer systems, and streets
SL-3	New or improved access to public facilities	1	New or improvements to a park
SL-1	New or improved access to public facilities	5	Construction or renovation of centers serving various populations
SL-3	Public Services	2	Community programs and outreach to at-risk populations
EO-1	Job Creation	1	Elimination of blight for improvements resulting in jobs
EO-2	Business assistance for job creation and job retention	3	Infrastructure improvements to support businesses
DH-1	Owner occupied housing units rehabilitated	5	Housing rehabilitation programs for LMI families
DH-1	Rental occupied housing units rehabilitated	1	Housing rehabilitation programs for LMI families
DH-1	Public Services	1	Fair housing activities and housing counseling
DH-2	Owner occupied housing units rehabilitated	2	Connection of LMI households to public infrastructure
DH-2	Homeownership units constructed	2	Infrastructure and construction of new houses for LMI families
DH-2	Rental housing units to be constructed	1	Acquisition of land for construction of rental units for LMI families
DH-3	Rental housing units rehabilitated	1	Rehabilitation of vacant rental units to rent to LMI families
* Grantee should use one of 9 outcome/objective categories below:			
	Availability/Accessibility	Affordability	Sustainability
Suitable Living Environment	SL-1	SL-2	SL-3
Decent Housing	DH-1	DH-2	DH-3
Economic Opportunity	EO-1	EO-2	EO-3

HOME INVESTMENT PARTNERSHIP PROGRAM

Maryland will use the majority of its HOME funds in conjunction with ongoing State programs to fill gaps in State funding, make projects feasible and increase the number of low-income persons to be served in State-funded projects. HOME funds will be used in conjunction with projects utilizing any combination of State appropriated and bond-issued funds, or low-income housing tax credits administered by the Community Development Administration (CDA). CDA's Single Family Housing Programs consist of the Homeownership Programs and Special Loans Programs units; and the Multifamily Housing Programs consist of the Housing Development Programs, Rental Services Programs and Contract Administration Unit.

HOME FUNDING ALLOCATION

DHCD expects to receive a total of \$7,621,940 HOME funding during the coming year. The FFY 2007 allocation includes: \$7,526,401 from the HOME formula allocation and \$95,539 from the FFY2007 ADDI allocation.

STATE OF MARYLAND HOME ALLOCATION - FFY 2007/SFY 2008	
Multifamily Housing Programs	\$4,000,000
Single Family Housing Programs	\$1,492,950
HOME Initiatives	\$1,000,000
CHDO Operating Assistance	\$376,320
Administrative Fees [^]	\$752,640
TOTAL	\$7,621,940
<i>CHDO Set Aside*</i>	<i>\$1,128,960</i>

***As required by federal law, a minimum of 15 percent of the State's formula HOME allocation, or \$1,128,960 will be reserved for use by Community Housing Development Organizations (CHDOs). Included within that amount, up to 10 percent, or \$112,896 may be used for predevelopment costs for CHDOs. The required set aside(s) will be met within the HOME program uses as set forth in the above table.**

[^]*The amount shown for administrative fees includes 10% of the FFY2005 regular HOME allocation. The statute governing FFY2005 ADDI allocation (and all future year ADDI allocations) does not permit using 10% for administrative fees.*

In addition to the regular HOME allocation, DHCD expects to receive about \$800,000 in HOME program income in the coming year. This estimate is based on historical amounts of program income we have received in previous years. HOME program income is required to be spent on a "first come, first served" basis. Based on our use of HOME funds, we would estimate that two-thirds of the program income would be used to construct or rehabilitate multi-family rental housing, and one third of the program income would be used for providing new homeownership opportunities and single family rehabilitation.

The State will administer HOME funds allocated to State programs by directly funding projects which receive State resources and by competitively allocating funds directly to projects or programs proposed by local governments, nonprofit organizations, and housing sponsors and developers. HOME funds may also be used in conjunction with the Community Legacy Program.

HOME funds may be requested by sponsors and/or local governments as part of a project application. CDA staff may also propose the use of HOME funds during project underwriting. HOME funds will be awarded to projects either as individual projects or as part of a financing package. All projects using HOME funds are presented to DHCD's Housing Finance Review Committee (HFRC).

In addition, HOME funds will be awarded where possible to stimulate new ideas and projects that meet the needs identified in the Consolidated Plan. These HOME Initiatives funds will be used for new and creative ideas worth testing, model pilot programs and projects and activities not permitted within regular State programs or for which there is no State funding.

Funds for Initiatives projects will be allocated in competitions with at least one round of awards each year. Awards will be made on a priority ranking system using criteria including:

- **Project readiness**
- **Extent that the project addresses documented needs**
- **Preference for projects which include local government resources**
- **Local and community support**
- **Demonstrated capacity**
- **General geographic distribution, with highest points for projects located in designated growth/revitalization areas.**
- **Preference for CHDOs with CHDO eligible activities**
- **Preference for nonprofit organizations, local governments and joint venture partnerships**
- **Preference for lowest income served, and**
- **Preference for longest term low-income occupancy**
- **Performance on prior HOME awards**

The beneficiaries to be served are very low-income renters, homeless persons, persons with special needs, low-income renters, very low-income homeowners, and low-income homeowners.

Funds Transfer

The HOME funds to be used in conjunction with on-going DHCD housing programs and the HOME Initiatives Program will be allocated to these uses for up to eight months. After that time, unencumbered funds may be moved to any other HOME uses to meet additional demand for funds or for special projects, including the Community Legacy Program.

Geographic Areas for Use of State HOME Funds

The State will primarily use its funds in HOME non-participating jurisdictions. There are six local participating jurisdictions within the State which have their own HOME funds. They are Baltimore City, and Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties. State HOME funds for the non-participating jurisdictions are restricted to PFAs except as outlined in the geographic targeting discussion provided earlier in the Plan.

Community Housing Development Organizations (CHDOs)

The State of Maryland will reserve not less than 15 percent of its HOME allocation for use by CHDOs. Within the CHDO set-aside, 10 percent may be used for project specific technical assistance and pre-development costs for nonprofit organizations. Although the set-aside above the minimum requirement by law is not provided for nonprofits, nonprofits will be given additional preference in the competition for funds. In addition, up to 5 percent of the State's HOME allocation will be made available for operating expenses of CHDOs.

The set-aside for use by CHDOs will be administered in the same manner as other HOME funds, that is, they will be awarded either as part of the existing program funding or through the HOME Initiatives competition process. It is anticipated that CHDOs will use funding for acquisition, moderate and substantial rehabilitation and construction of housing for low and moderate-income persons. The State does not anticipate any barriers to utilizing the CHDO set aside; however, if funding is being committed more slowly than necessary to use the required amount, extra measures will be taken to promote the use of the set-aside. The measures will include aggressive marketing for applications, expedited processing and ultimately, if need be, reservation of the balance of uncommitted HOME funds solely for projects that meet the required set-aside.

The funds set-aside for project-specific technical assistance and pre-development costs will be administered by CDA. CDA will solicit participation by potential CHDOs and will certify CHDO eligibility by determining that applicants meet the criteria outlined in the HOME program regulations. Certified CHDOs will be eligible for HOME Seed Money and Technical Assistance loans. A CHDO may apply to use HOME funds to pay reasonable and customary pre-construction costs of a project. All costs must be related to a specific project, which, if deemed feasible, would be eligible to receive HOME funds for development. HOME Seed Money and Technical Assistance loans will be provided to CHDOs on a first-come, first-served basis. The loans will be zero percent interest with deferred principal. Repayment will be due at settlement of the construction or permanent loan. CDA has developed loan documents consisting of a Loan Agreement and a Promissory Note, and funds will be released upon execution of loan documents with CDA.

Guidelines for Homeownership Assistance

The State of Maryland will use HOME funds to assist individuals and families purchasing units in approved single family housing projects. HOME funds will reduce the cost of buying affordable housing in conjunction with the State administered first mortgage programs and through projects approved under the Initiatives Program. Households with incomes at or below 55 percent of the Statewide median for a family of four will be targeted. The State has elected to recapture the HOME Investment if the property is sold within the affordability period.

Definition of Modest Housing

Homeownership units assisted with HOME funds must be "modest housing". The State defines housing to be modest if the sales price (when a property is purchased) or the after-

rehabilitation value (when a homeowner property is rehabilitated) does not exceed 95% of the median sales prices for housing in the area per the FHA Section 203(b) single family mortgage limits.

Form of Subsidy

HOME funds will be used in homeownership programs to directly assist the home buyer with down payment and closing costs or to reduce the sales price of the home by providing a deferred payment mortgage. HOME funds may be provided to developers to reduce the cost of land or development costs, the benefits of which would be passed on to the homebuyer. If HOME funds are provided in the form of development subsidies, the resale requirements pursuant to Section 92.254(a) (5) (i) must be imposed.

METHOD TO ENSURE COMPLIANCE WITH RECAPTURE REQUIREMENTS

Pursuant to Section 92.254(a)(4)(ii) of the regulations, the State has selected the option to recapture the full HOME investment from the net proceeds of the sale of a house which was purchased with the assistance of HOME funds. The net proceeds from the sale of a house will be distributed as follows:

- 1) a) To pay the balance due on any superior loan and to pay any required closing costs;
b) To pay the HOME funds, subject to (2) below;
c) To pay the balance due on any subordinate loan;
d) To repay the homeowner for the amount of any homeowner payments; and
e) To pay the remaining balance to the homeowner.
- 2) If there are insufficient proceeds from the sale of the house to repay the amount of HOME funds and to pay the homeowner for the amount of any homeowner payments, the State will forgive a portion of the loan made with HOME funds, calculated by multiplying the amount of the HOME loan by the fraction equal to the number of years the homeowner owned and occupied the house times the affordability period, where HOME funds per unit equal:
 - (i) under \$15,000, 1/5 per year
 - (ii) \$15,000 - \$40,000, 1/10 per year; and
 - (iii) over \$40,000, 1/15 per year.
- 3) With respect to loans made with HOME funds to assist homebuyers, "Homeowner Payments" means the following:
 - a) The amount of the down payment made by the homeowner on the house;
 - b) The amount of any principal payments or prepayments on any loan on the property;

and

- c) The cost of all capital improvements to the house made by the homeowner.

Additionally, the State will consider more restrictive terms for recapture and forgiveness provided it determines such action is necessary through established underwriting criteria.

HOME funds used to assist homebuyers that are recaptured according to these guidelines will be used to carry out other HOME eligible activities.

Legal Method

Covenants describing the recapture restrictions will be included in the recorded loan documents to ensure that the HOME funds will be recaptured at the time of transfer or refinance of the HOME-assisted unit.

Tenant Based Rental Assistance

The State of Maryland will use HOME funds for tenant based rental assistance on a limited basis, including using HOME funds for security deposit assistance and to help victims of disaster. Rental assistance programs through the Initiatives Fund will select households to receive assistance in accordance with written tenant selection policies and criteria. In addition, if families selected are currently residing in units that are designated for rehabilitation or acquisition under the HOME program, they will not be required to meet the written tenant selection policies and criteria. Families so selected may use the tenant-based assistance in the rehabilitated or acquired unit or in other qualified housing.

TYPES OF INVESTMENT BY THE STATE OF MARYLAND IN THE HOME PROGRAM

Maryland expects primarily to invest funds in projects through grants, as well as interest bearing and non-interest bearing loans. Depending on the circumstances of each project, the State may use other forms of subsidies including equity investments, interest subsidies consistent with the purposes of this program, and deferred payment loans with interest.

HOME Matching Fund Requirements

The State will provide HOME match through DHCD's Rental Allowance Program which is funded at \$1.8 million, as well as Bridge Subsidy funds which is funded at \$800,000.

Program Income

The State may receive program income from time to time as a result of the prepayment of loans or from debt service payments. Any program income received will be used in accordance with the requirements of 24 CFR Part 92.

HOME Monitoring

Two offices within Maryland's Department of Housing and Community Development are responsible for monitoring housing loans and grants made by the Department with both State and federal (including HOME) funds. The office of Multifamily Housing Programs in the Division of Development Finance is responsible for income monitoring of tenants. The Asset Management unit in the Division of Credit Assurance is responsible for monitoring the physical and financial condition of DHCD-financed properties, including those assisted with HOME.

Multifamily Housing performs annual audits and reviews of grantees in the delivery of rental subsidies, as well as annual audits for compliance with tenant income and rent restrictions of properties with HOME funding. Multifamily Housing will perform additional audits, if needed, to ensure that problems are corrected. Multifamily Housing and grantees are subject to HUD audits. Reviews and audits will ensure that all State and federal regulations are being followed.

Asset Management undertakes physical inspections of DHCD-financed properties, as well as ensuring the financial stability of loans and assets management by the Department. Generally, Asset Management is responsible for conducting annual inspections on all properties for which the original loan amount was \$750,000 or greater and all HUD insured and subsidized projects. Inspections are conducted every two years on properties with original loan amounts between \$350,000 and \$750,000. Inspections are conducted every three years on projects whose original loan amount was less than \$350,000, but more than \$75,000. On multifamily loans of less than \$75,000, no inspection is conducted by DHCD. Some inspections may be completed by the Contract Servicer.

In addition, annual physical inspections are performed on projects that do not meet **all** of the following criteria:

- The loan is current and has not been delinquent in the prior twelve months.
- The debt service coverage ratio for the loan including any superior debt, if applicable is greater than 1.0.
- Vacancy is less than 10%.
- There are no significant outstanding violations of the Regulatory Agreement or other loan or program requirements.
- The project does not exhibit deferred maintenance. Deferred maintenance is defined as a condition exhibiting the continued failure by a management agent or an owner to perform routine or day-to-day tasks associated with the repair or upkeep of the property.
- The project received a Satisfactory or better rating on its most recent physical inspection and administrative review by Asset Management.
- The surrounding market is stable or appreciating.

On-Site Monitoring for HOME-Assisted Projects

On-site monitoring is conducted to ensure that HOME-assisted projects are operated in compliance with the HOME regulations. On site monitoring responsibilities are conducted in accordance with the HOME regulations. Inspections of HOME-assisted rental units are scheduled as follows:

Number of Total Units in HOME-assisted Projects	Required Frequency of Inspections
1-4	Every 3 years
5-25	Every 2 years
26 or more	Annually

The on-site monitoring elements include:

- maintenance of appropriate records;
- evidence that the property's written tenant selection policy has been followed;
- acceptable lease documents;
- evidence of affirmative marketing and conformance with fair housing policies;
- review of rent adjustments;
- review of treatment of rents for tenants who no longer qualify as low-income families;
- review of corrective procedures dealing with temporary noncompliance caused by increases in the incomes of existing tenants;
- ensure compliance with the written agreement between the owner and DHCD;
- physical inspections for compliance with property standards; and,
- verification of accuracy of information submitted by owners on eligible tenant incomes and HOME rents.

Suspension of Method of Distribution for Presidential Disaster Declarations

In the event of a Major Disaster Declaration by the President of the United States for a city, town, or unit of local government located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State regulations for the HOME program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the HOME program.

AMERICAN DREAM DOWNPAYMENT INITIATIVE

The American Dream Downpayment Initiative (ADDI) will be administered as a part of the HOME Investment Partnerships Program. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and to revitalize and stabilize communities. ADDI will help first-time homebuyers with the biggest hurdle to homeownership: downpayment and closing costs. The program was created to assist low-income first-time homebuyers in purchasing single-family homes by providing funds for downpayment, closing costs, and rehabilitation carried out in conjunction with the assisted home purchase.

ADDI will provide downpayment, closing costs, and rehabilitation assistance to income-eligible individuals who are first-time homebuyers. The amount of ADDI assistance provided may not exceed \$10,000 or six percent of the purchase price of the home, whichever is greater. The rehabilitation must be completed within one year of the home purchase. Rehabilitation may include, but is not limited to, the reduction of lead paint hazards and the remediation of other home health hazards.

To be eligible for ADDI assistance, individuals must be first-time homebuyers interested in purchasing single family housing. A first-time homebuyer is defined as an individual and his or her spouse who have not owned a home during the three-year period prior to the purchase of a home with ADDI assistance. ADDI funds may be used to purchase one- to four- family housing, condominium unit, cooperative unit, or manufactured housing. Additionally, individuals who qualify for ADDI assistance must have incomes not exceeding 80% of area median income.

ADDI funds used for rehabilitation may not exceed twenty percent of the State's total ADDI allocation. The rehabilitation assisted with ADDI funds must be completed within one year of the home purchase.

DHCD will administer ADDI in conjunction with existing DHCD housing loan programs and with the HOME Initiatives Fund. It is anticipated that DHCD's partners in the communities, including for profit and non profit housing development organizations and public housing agencies, may apply for ADDI funds to be used in conjunction with homebuyer assistance programs. Such programs may include, but are not limited to, Section 8 Homeownership Voucher, Self-Help Homeownership, Individual Development Accounts and, general First-Time Homebuyer Programs. Applicants for funds will be asked to provide a plan for conducting targeted outreach to residents and tenants of public housing, trailer parks, and manufactured housing, as well as to other families assisted by public housing agencies and, a description of the actions to be taken to ensure the suitability of families receiving downpayment assistance under the section to undertake and maintain homeownership.

The State's FFY 2007 allocation of ADDI funds consists of \$95,539. According to HUD guidance, HUD will track the use of ADDI funds, through IDIS, by crediting ADDI with all first-time homebuyer downpayment assistance completed during the grant period until a participating jurisdiction's ADDI funds are depleted. Once all the ADDI funds are depleted, HUD will credit regular HOME funds for any subsequent downpayment assistance activities.

HOME Performance Measures

As part of its desire to implement performance measures, HUD asks grantees to assign measures to activities they expect to undertake. The table below shows how projected HOME activities will correspond with HUD's Performance Measurement system:

HOME INVESTMENTS PARTNERSHIP PROGRAM			
FFY2007 Annual Action Plan Planned Project Results (HOME Program)			
Outcomes and Objectives*	Performance Indicators	Expected Number	Activity Description
DH – 2	Number new/rehabilitated units available to low income households	50	Assistance to Rental Housing Development
DH – 2	Number of existing units bought to code	60	Housing rehabilitation assistance to low income households

DH – 2	Number of households receiving down payment/closing cost assistance	50	Assistance to low income homebuyers
*Grantees should use one of 9 outcome/objective categories below			
	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

EMERGENCY SHELTER GRANTS (ESG) PROGRAM

The Emergency Shelter Grants (ESG) Program provides funds to prevent homelessness and to help improve the quality of existing emergency and transitional shelters for the homeless, to help make available additional shelters, to help meet the costs of operating such shelters and of providing certain essential, direct client services to homeless individuals. Such assistance is designed to assure that homeless persons and those at risk of homelessness have access not only to decent, safe and sanitary shelter, but also to the supportive services needed to improve their situations.

For SFY 2008 (FFY 2007), Maryland's allocation for the 18 non-entitlement counties of the State is \$607,231 under the ESG program. DHCD will use ESG funding as follows:

STATE OF MARYLAND ESG ALLOCATION – FFY 2007	
Homeless Prevention (30%)	\$182,169
State Administration (4%)	\$24,289
Local Administration (1%)	\$6,073
All Other – Maintenance and Operating, Essential Services, Other Staffing, Etc. (65%)	\$394,700
TOTAL	\$607,231

ESG Match Requirements

ESG funds must be matched on a 50/50 basis (one dollar of matching funds must be provided for every dollar of ESG funds). Match may be in the form of cash as well as in-kind contributions. Cash contributions may come from private sector sources, including donations from individuals, groups, corporations or other private entities, and/or local government. In-kind contributions may include: the value of any donated material or building, the value of the lease on a building, any salary paid to staff of the applicant or nonprofit organization in carryout out the shelter or homelessness program, and the time and service contributed by volunteers to carry out the shelter or homelessness program.

Due to the competitive nature of the State's ESG Program, the State is not able identify the sources of ESG match at the time that the action plan is submitted. The State acknowledges its responsibility to ensure that ESG match contributions are made to the level required by the federal program regulations.

Selection Criteria

To make ESG Program funds available to units of general local government, DHCD conducts an annual competitive round of funding in which eligible local governments are invited to submit applications. Applicants receiving the highest cumulative points will be recommended for funding until all ESG Program funds are exhausted. Funds may be allocated so that the awards are distributed among eligible applicants taking into consideration the level of need in the service area and the capacity of the grant recipient, and sub-recipient if applicable, to conduct the program effectively and administer the grant efficiently. Consideration may be given to the desirability of funding a variety of projects and serving as many geographic areas of the State as possible. Each unit of general local government may submit only one application for up to \$50,000. The application may request funding for one or more projects that is passed through local government applicants to sub grantees consisting of nonprofits and community-based and faith-based organizations that are selected by local government on the basis of their ability to implement viable projects and programs that effectively address one or all of the objectives of the Emergency Shelter grant.

All applications will be reviewed, rated and recommended for funding based on the following factors. Figures in parentheses indicate the maximum number of points that may be awarded to any given factor. Applicants receiving the highest cumulative points will be recommended for funding until all ESG Program funds are exhausted.

1. Statement of Homeless Problems This Project Addresses (10)
 - (a) Projected number and income level of homeless and at risk individuals to be assisted;
 - (b) A description of the need or problem, noting local factors and trends which impact on the level of homelessness, and the extent to which documentation is offered in support of the need or problem; and
 - (c) The appropriateness of the applicant's proposed project/activity to address the need or problem.
2. Proposed Project Design (25)
 - (a) The feasibility of the project/activity in terms of financing, location and site control and neighborhood/community acceptance;
 - (b) The extent to which it is documented that the costs have been carefully estimated and are reasonable;
 - (c) The extent to which the amount of matching funds is provided and verified;
 - (d) The likelihood of project/activity completion in a timely manner, and

(e) The extent to which an agency participate in the local continuum of care.

3. Past Experience/Organizational Capacity (25)

- (a) The extent to which the applicant has the organizational capacity and staff expertise to undertake and administer the project/activity described in the application;
- (b) The extent to which the applicant has been involved in homeless shelters, programs or services in the past and the track record indicates these activities have been accomplished in an efficient and effective manner;
- (c) The extent to which the applicant is committed on a long term basis to serving the shelter needs of the homeless; and
- (d) The extent to which the applicant will involve homeless clients in the planning, developing, constructing, renovating, maintaining and operating of homeless facilities and programs.

4. Supportive Services (20)

The extent to which beneficiaries are given assistance under a continuum of care, facilitating their progress to self-sufficiency. This methodology includes providing assistance in obtaining appropriate supportive services including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living.

5. Additional Considerations (20)

A 50/50 match is federally mandated. Funding priority will be given for applicants meeting the following additional match stipulations:

- (a) At least 20 percent of the match (10 percent of total project cost) must be in cash from private sector resources or local government, and not from State or federal resources.
- (b) A cash contribution by the local government applicant is strongly encouraged and can be counted as part of the 50/50 match.

Under federal guidelines the match requirement is waived for \$100,000 of the allocation, and the State is required to pass this waiver on to those grantees least able to afford a match. Therefore, upon program startup DHCD waives all or a portion of the match requirement for those local government grantees in the jurisdictions where residents have the lowest per capita incomes.

Monitoring and Evaluation

Monitoring activities include requiring 180 day reports and at least 10 percent of the Service Providers along with the cognizant oversight agency in local government may be monitored on-site annually. The visit may occur during or after the grant period. All grantees will receive at least a two week notice prior to the monitoring visit. The visit will entail reviews of the fiscal and programmatic aspects of the grant as administered by both the grantee and the subgrantee. Grantees and subgrantees will make all ESG records, administrative offices and personnel available upon request during the monitoring visit. Within approximately 60 days after the visit, DHCD will forward a report to the grantee. The report will summarize grant progress and may address concerns and recommendations for further action, as well as findings for corrective action. Local government grantees that contract with non-profit organizations who act as Service Providers shall monitor each such subgrantee to determine project progress and adherence to the sub-recipient sub-agreement. Monitoring reports of the local government's grantees shall be subject to review by DHCD upon request.

Suspension of Method of Distribution for Presidential Disaster Declarations

In the event of a Major Disaster Declaration by the President of the United States for a unit of local government located in the State, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State requirements governing the ESG program to address emergency needs of affected communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the ESG program.

ESG Performance Measures

HUD asks grantees to provide expected Performance Measures for its block grant programs. The table below shows expected measures for the ESG program. Note that the estimated project numbers below are the number of shelters expected to undertake a given activity.

HUD TABLE			
2008 ANNUAL ACTION PLAN PLANNED PROJECT RESULTS (ESG PROGRAM)			
Outcomes and Objectives *	Performance Indicators	Estimated Project #s	Activity Description
SL-1	Emergency Shelter	26	Emergency shelter operating costs: utilities, maintenance, appliances, furnishings, security, custodial services, vehicle maintenance and administrative costs.
SL-1	Transitional Housing	10	Safe housing for domestic violence crisis, short term placement in hotels or transitional apartment housing.
SL-1	Essential Services	18	Case management, direct services, client assessments, transportation, mental health, substance abuse and job counseling.
DH-2	Homeless Prevention Assistance	17	Eviction and foreclosure prevention, utility cutoff prevention assistance.
* Grantee should use one of 9 outcome/objective categories below:			

	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) PROGRAM

BACKGROUND

The Maryland Department of Health and Mental Hygiene is a FFY07/SFY08 grantee of \$345,000 in HOPWA formula funds for a comprehensive program designed to prevent homelessness and to help low-income people with HIV/AIDS to live independently by providing permanent supportive housing in the rural counties of the state. Called the Rural HOPWA Program, these funds are intended to cover counties who are not recipients of HOPWA funds from another eligible metropolitan area. These include: Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Charles (as fiscal agent for St. Mary's County), Talbot, Washington, Wicomico and Worcester. In addition, the AIDS Administration is also the grantee of \$539,000 in HOPWA funding on behalf of the City of Frederick, which turned its HOPWA funding over to the State to administer the HOPWA program on its behalf. This program and these funds serve persons with HIV/AIDS in Frederick and Montgomery Counties.

In order to address the needs of persons living with HIV/AIDS since the introduction of combination therapies, a stable and supportive housing situation is critical. The HOPWA Program is part of Maryland's statewide plan to address the housing needs of low-income people with HIV/AIDS and their families. It complements the Ryan White Title II programs and State funded HIV Programs that are currently operating in the rural areas of the state. The Program combines HOPWA funded Long Term Rental Assistance with support services funded through Ryan White Title II and state funds. The non-HOPWA-funded support services include: case management, primary medical care, treatment adherence and emergency financial assistance. This combination allows persons with HIV/AIDS to live independently in HUD-funded permanent supportive housing programs.

Maryland reports almost 1286 new AIDS cases per year and at the end of 2005 had approximately 30,000 (30,794) living cases of HIV and AIDS, almost 13,000 of which had AIDS. The majority of cases were between 20 and 44 years of age at diagnosis. Approximately 85% of new AIDS cases were African-American, which stands in contrast with their percentage of the general population (29%). Males comprise two-thirds of new HIV and AIDS cases. The most common exposure category among new AIDS and HIV cases is heterosexual contact (30.2% and 40%).

For 2005, urban Baltimore City had an HIV/AIDS prevalence rate eight times that of the most populous jurisdiction in the State, suburban Montgomery County (2322 and 286 per 100,000 population, respectively). The next two most populous jurisdictions, suburban Prince George's and Baltimore counties had HIV/AIDS prevalence rates of 607 and 291 cases per 100,000 population, respectively, while rural Dorchester County, ranked 20th in population, had a 2005 HIV/AIDS prevalence rate of 368 per 100,000 population, the third highest in the State. This demonstrates that while the disease is concentrated in urban areas, there are highly disproportionate concentrations of cases in specific urban, suburban, and rural regions of the State. In addition, underserved populations, especially women and minorities, are heavily represented in the rural AIDS cases. Of the reported cases in rural Maryland (Western, Eastern, and Southern Regions), 34% are women. 59% of the cases occur among people

who identify as African American. 2.7% occur among people who identify as Hispanic. In addition, the Eastern Shore counties and St. Mary's County have a large seasonal migrant population which is primarily Hispanic with a growing minority of South Asians and Pacific Islanders.

The eleven counties served by the Rural HOPWA Program account for 46% of the State's territory and over 11% of the population, according to the 2000 Census. The Eastern Region (Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester Counties) reported 2% of all living cases. The Western Region (Allegany, Frederick, Garrett, and Washington Counties) reported 2% of all living HIV and AIDS cases and the Southern Region (Calvert, Charles, and Saint Mary's Counties) contributed 1% of all living HIV and AIDS cases.

Needs Assessment

A 2005 statewide needs assessment for HIV services revealed that not having access to stable housing was the second highest problem faced by HIV-positive Maryland residents. The needs assessment results ranked transitional housing/shelter, long-term rental assistance, and other housing needs, as the three most inaccessible housing-related services. Stable housing is fundamental to success in the lives of persons with HIV/AIDS. This is particularly true because many struggle with co-morbid conditions that make the tasks of daily living even more challenging. Without a home, stress levels increase, further compromising already fragile immune systems. Individuals are exposed to chaotic housing shelters or the uncertainty of life on the streets. Essential nutritional needs are easily neglected or forgotten. While coordination between health and social services is improving, some PLWHA have reported having to choose between attending medical appointments or standing in line to assure a place in a housing shelter for the night. Complex treatment regimens become more difficult to monitor and are frequently derailed when faced with unstable living situations. Appointments with health care and human service providers are more likely to be missed or not scheduled at all. Outreach workers are less likely to be able to find their clients in order to offer ongoing support and treatment. Ryan White-funded housing providers and HOPWA-funded providers share two goals: to increase permanent, affordable housing resources for individuals and families with HIV/AIDS, and to promote integration of supportive service options for people with HIV/AIDS.

Housing Availability

First, there is a lack of affordable decent housing for low-income individuals and families throughout the state of Maryland. In addition, there is a deficiency of housing assistance services. Regardless of HIV status, clients experience long housing wait lists and shortages in beds in existing transitional shelters. Stigma continues to be a major barrier. Landlords often are hesitant to rent to HIV positive tenants and it is difficult to develop and maintain a trust with the clients.

Housing Affordability

With higher costs and minimal funding for housing, clients are left in unstable living conditions. Also, due to level or reduced funding from the HOPWA Program, there is less funding to provide short-term/emergency housing, mortgage and utility assistance.

The housing laws now require credit checks for placement and landlords often rely upon credit scores to determine placement and eligibility. Furthermore, security deposits have drastically increased beyond that of the target populations' financial capability.

There is a need for the Section 8 Housing and HOPWA programs to devise new models concerning rental rates for persons living with HIV/AIDS (PLWHA).

Housing Sustainability

Needs assessment participants suggested integrating HIV support and housing services in housing facilities, including: life skills, medication management, budget management and trained staff to administer a behavioral health to address issues of "arrested development" and coping deficits that are common in the targeted populations. There is also a need for accurate assessments of a client's readiness for housing. This strategy would build a more comprehensive approach to existing service delivery systems.

Demographics of Need

As in the rest of Maryland, in rural Maryland, African Americans are disproportionately impacted by the AIDS epidemic. 54% of reported cases of AIDS are in African Americans, whereas only 16.77% of the population in these areas is African American. Of clients receiving Ryan White services in the counties served by the Rural HOPWA program, 42% of clients identify as white, 57% as African American. Clients who receive Ryan White service are residents of Maryland at or below 400% of poverty and HIV positive. Using the clients served under the Ryan White program as a reasonable estimate of individuals likely to be eligible for the HOPWA program, there is a demonstrably disproportionately greater need amongst African Americans. (With clients served under the Ryan White program at 57% African American and the population at 16.77%, there is a difference of 40.23 percentage points, thereby exceeding the threshold standard of 10 percentage points as designated in the federal guidance.)

Current Network of Services

The Maryland Department of Housing and Community Development (DHCD) provides tenant-based rental assistance (TBRA) to eligible HOPWA clients. DHCD has considerable experience in providing housing opportunities to low income people and also to those with special needs such as people who are physically disabled, developmentally disabled, deaf and hard of hearing, mentally ill, and those with drug and alcohol addictions.

With Ryan White Title II and state general funding, the local health departments in these counties have been providing case management, medical care, supportive services, and emergency assistance, including short-term rental assistance, to persons with HIV/AIDS for more than 13 years.

The AIDS Administration monitors the performance of all grant awards to local and state government agencies.

STRATEGIC PLAN

To meet the shortage of affordable housing with available funds, the Rural HOPWA Program has prioritized HOPWA funding for the following activities: 1) TBRA and; 2) one regional housing case manager.

The Housing Case Manager position will continue to be housed at the Dorchester County Department of Social Services and works closely with DCHD and case managers at all of the local HIV clinics. Linkages formed with local social service providers throughout the state support the social service needs of persons with HIV/AIDs.

The AIDS Administration proposes to maintain the current caseload of households being covered under the competitive grant-funded TBRA activity, by continuing its Memorandum of Understanding with DHCD with the formula HOPWA funds. The AIDS Administration proposed to accept additional applications for TBRA as households leave the program through attrition. The following FY06 allocations are proposed with the new formula funding:

State of Maryland HOPWA Allocation – July 1, 2007 through June 30, 2008	
DHMH - AIDS Administration	
3% Administrative Cost	\$10,350
Dorchester Department of Social Services	
Housing Case Manager	\$70,812
Department of Housing and Community Development	
Long Term Rental Assistance	\$245,370
7% Administrative Cost	\$18,468
TOTAL	\$345,000

For the “Frederick” HOPWA program, the Housing Authority for the City of Frederick will provide tenant based rental assistance and supportive services through HOPWA funding. For the Montgomery County service area of this grant, the Department of Health and Human Services will provide tenant based rental assistance and supportive services.

DHMH – AIDS Administration HOPWA Program	
Units of Measurement	EST. Assistance FFY 2007/SFY 2008
Number of persons with HIV/AIDS Assisted, TBRA, Rural Counties	54
Number of persons with HIV/AIDS Assisted, TBRA, Bethesda-Frederick-Gaithersburg Metro District	45

Priorities and Objectives

Note: Objectives apply to HIV-positive consumers; however, HOPWA funds improve the standard of living for the families and dependents of HOPWA consumers as well.

Priority: To assist low-income people living with HIV/AIDS to achieve housing stability by providing supportive housing in underserved rural areas of Maryland.

Objective 1: To provide tenant-based rental assistance using a projected number of 52 units			
Key Action Steps/Activities	Proposed Accomplishment	Outcome	Evaluation/Monitoring Method
Case managers identify and refer low-income persons living with HIV/AIDS who need tenant-based housing assistance	52 households/rental units	95% of clients in program stably housed at year end.	Quarterly reports including review of budget expenditures and attendance at regional case managers meetings.

Objective 2: To monitor sub-grantee compliance with HOPWA regulations and the quality of services through a minimum of quarterly oversight measures			
Key Action Steps/Activities	Proposed Accomplishment	Outcome	Evaluation/Monitoring Method
Conduct technical assistance and monitoring site visits	2 TA/site visits conducted	Vendors in compliance with all HOPWA guidelines	Site visit reports, technical assistance visit reports, chart audits

Objective 3: Evaluate the outcomes of HOPWA assistance on the housing stability and health status of participating consumers			
Key Action Steps/Activities	Proposed Accomplishment	Outcome	Evaluation/Monitoring Method
collect necessary client-level data to conduct an outcomes evaluation following the three stated goals of the HOPWA program	10 HOPWA records abstracted; 1 on-going evaluation activities	95% of clients stably housed at year-end. 95% actively in medical care. 95% with current (in past 6 months) lab results	Quarterly reports, evaluation reports, summary of special analysis

Objective 4: Assessment of community housing needs, available housing and related resources to establish priorities for new or expanded housing efforts			
Key Action Steps/Activities	Proposed Accomplishment	Outcome	Evaluation/Monitoring Method

Conduct regional meetings to solicit input from subsidized housing providers, HIV care providers, Department of Social Services staff and other relevant partners to obtain feedback and develop approaches for FY08	3 open forum/planning meetings held with housing partners in the Eastern and Western and Southern regions (one forum in each region)	Evaluative document	Reports, summary of special analysis, content of FY07 Consolidated Plan
Conduct targeted phone survey of clients to assess for client satisfaction and unmet needs	Complete phone survey of representative sample of clients	Evaluative document	Targeted, representative phone survey

Other Special Needs

In the rural areas, HOPWA clients are able to access support services and medical services through the county health departments. Each county provides case management and emergency financial assistance. All eligible clients are able to access specialty HIV ambulatory outpatient care through regional seropositive clinics. Other services available through the health department vary according to client needs and priorities. These services include: oral health care, transportation, client advocacy, treatment adherence, mental health services, psychosocial support, and health education risk reduction. In each of these programs prevention for positives is incorporated. Clients are offered partner counseling and referral services (PCRS) are offered to clients at diagnosis. Currently, Maryland is standardizing the integration of PCRS into case management and clinical care throughout the course of disease.

These programs are supported by \$1,231,690 in Title II and State funds. In order to be eligible to receive these funds, a client must be a resident of Maryland, HIV positive and have an income that is 400% of the state poverty level or less.

In addition, clients are supported by the Maryland AIDS Drug Assistance Program (MADAP). In Maryland this program provides clients with access to a formulary that includes more than 150 drugs for HIV and related conditions. The program also offers MADAP Plus. MADAP Plus helps eligible clients pay their health insurance premiums. In order to qualify for the program a client must be Title II eligible, have health insurance and be responsible for 50% or more of the cost of the health insurance premium. MADAP Plus will pay for any portion of the premium for which the client is responsible. Clients that do not have access to health insurance may get health insurance through the Maryland Health Insurance Program (MHIP). Once a client is insured, MADAP will pay for any co-pays incurred when purchasing MADAP formulary drugs. In 2006, MADAP spent approximately \$33 million to support these programs.

HOPWA clients have access to a wide array of HIV services in Maryland. In order to access HOPWA long term rental assistance, most clients have a case manager. As a case management client, the client and the case manager develop a care plan, which includes discussion of long-term housing stability. The case manager and the client must have contact at least four times a year, or more often as specified in the care plan, which is updated at least every six months. In addition, as part of the HOPWA application and re-certification process,

the client is required to document that they have applied for alternate housing support, are on a waiting list for alternate housing support, or are ineligible for alternate housing support.

Method of Distribution

In the event that additional HOPWA funds become available to assist new clients, funding will be allocated based on severity of need, family size and possible eligibility for other programs.

MONITORING AND EVALUATION

Monitoring activities include requiring quarterly reports that include budget expenditures, programmatic narrative and performance measures. These reports include performance measures, narrative of program successes, challenges and barriers and a budget expenditure report. Also monitored is the coordination of services between HOPWA and Ryan White-funded programs, such as attendance of HIV case management and Regional Advisory Committee Meetings. The AIDS Administration also conducts sub-grantee site visits on a routine basis to monitor adherence to programmatic and fiscal standards and guidelines, client confidentiality and the quality and accessibility of services. Areas identified for improvement during the monitoring process may require that agencies develop corrective action plans. The HOPWA Coordinator at the AIDS Administration carefully monitors progress implementing the corrective action plans. In order to facilitate improvement, the AIDS Administration will provide technical assistance to its sub-grantees, as needed.

The purpose of the program's evaluation plan is twofold. Firstly to examine process indicators and quality improvement measures to assess program performance. Secondly is to evaluate the outcomes and impact of HOPWA assistance on the housing stability and health status of participating consumers. The data for both evaluation purposes will come from quarterly reports by project sponsors and by targeted qualitative and quantitative data collection.

The outcomes to be measured include:

1. Increased client access to housing related community services and resources (Strategic Plan Objective 1)
2. Funded project sponsors demonstrate ability to comply with HOPWA, HUD and other housing-related laws and regulations (Strategic Plan Objectives 2 & 3)
3. Funded project sponsors have increased access to AIDS-related resources and information (Strategic Plan Objective 2)
4. Grantee and funded project sponsors are in compliance with HOPWA and other applicable HUD and housing-related regulations (Strategic Plan Objective 2)
5. HOPWA resources leverage additional AIDS-specific funding needed to address community housing-related needs. (Strategic Plan Objective 4)
6. HOPWA grantee and local partners work together to assess housing needs, recognize barriers and identify solutions and achievable strategies (Strategic Plan Objective 4)

Consumer/Community Input

Consumers and providers, including health care professionals, nonprofit organizations, faith based organizations and others, have input into how HOPWA funds are expended through several means on a regional and local basis. Ryan White Title II sponsors regional care advisory groups around the state. These groups consist of consumers and providers and meet quarterly to discuss changing regional HIV care and services priorities and as a venue for an annual open community forum. Membership is open to the public and funds are available for transportation and childcare to reduce consumers' barriers to participation. Project sponsors receiving HOPWA funds are required to attend these meetings each quarter. HOPWA recipients are also invited to attend as service consumers. The majority of HOPWA consumers also receive Ryan White funds. All Ryan White funded-agencies, including local health departments, conduct annual client satisfaction surveys to obtain consumers' feedback on the services they have received at that site. The rural HOPWA program is exploring additional means of obtaining consumer input, beyond those consumers who are active members of various advisory and planning bodies. Housing-specific forums are planned to engage a greater number of housing partners and advocates to both identify untapped local resources and consolidate planning on a local level to reduce homelessness and housing instability.

HOPWA Performance Measures

HUD asks HOPWA grantees to assign performance measures for each of the block grant programs for which they receive funding. The State will be using the HOPWA funds it receives to carry out Tenant Based Rental Assistance, so all activity will fall under measure DH-2.

HUD TABLE			
2008 ANNUAL ACTION PLAN PLANNED PROJECT RESULTS (ESG PROGRAM)			
Outcomes and Objectives *	Performance Indicators	Estimated Project #s	Activity Description
DH-2	Tenant Based Rental Assistance	1	Housing Activities focused primarily on making housing more affordable – Tenant Based Rental Assistance
* Grantee should use one of 9 outcome/objective categories below:			
	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

PUBLIC COMMENTS

No written comments were received on the Action Plan during the public comment period.

At the public hearings, primary emphasis was on housing counseling. DHCD has received a \$1,000,000 grant from the Maryland Affordable Housing Trust to provide additional housing counseling activities throughout the State.

APPLICATION FORMS

The forms on pages 78, 79, 80 and 81 are legal forms (HUD Form 424) which serve as the State's applications for funding to HUD for the CDBG, HOME, and ESG programs.

CERTIFICATIONS

The legal certifications starting on page 86 are certifications of programmatic activities the State promises to undertake in accordance with legal requirements for administering the HOME, CDBG, ESG and HOPWA programs.

APPENDIX

The appendix contains a copy of HUD optional Table 3B. This table is designed to show housing units that meet Section 215 goals. However, based on our review and conversations with the Baltimore Field Office, this table appears to be incorrectly designed. Regardless, HUD requires the data in the table be provided, so we are including it here until HUD Headquarters makes the necessary revisions to Table 3B to accurately report Section 215 goals.